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ABSTRACT

The future of the liberal arts was considered at a 1984 symposium attended by college presidents, board chairpersons, and trustees from liberal arts colleges belonging to the Great Lakes Colleges Association and the Associated Colleges of the Midwest. The symposium proceedings include an address by Elmer W. Johnson, "Stewardship and the Liberal Arts College," which considers the mission statement and academic policy, the importance of quality faculty, and choosing the president. In "Business Prospects for Midwest Liberal Arts Colleges," Roy E. Moor discusses low inflation, portfolio management, gift-giving, government grants and contracts, faculty compensation, and the need for careful cost management in the future. Russell Edgerton's paper, "The New Economy and the Old Liberal Arts," suggests that colleges should help develop generalists who can solve problems and provide leadership. Traditional liberal arts studies are described as well as the kinds of education needed for the future. Finally, in "What Do We Do on Monday Morning?" Michael O'Keefe poses issues that the trustee must address, such as: changes in the student body, freshmen students' attitudes, the profile of the institution's faculty, and the state of the physical plant. Panel discussions for each paper are included, along with brief information on the 25 member colleges. (SW)

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THE LIBERAL ARTS COLLEGE: THE NEXT 25 YEARS

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**A symposium held at the University Club of Chicago,
June 22-23, 1984, sponsored by the
Great Lakes Colleges Association
and the
Associated Colleges of the Midwest**

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Foreword

The symposium on "The Liberal Arts: the Next Twenty-five Years," grew out of a luncheon conversation between two trustees, Walter Y. Elisha of Wabash College and William G. Caples of Kenyon. Reflecting on their parallel experiences as board members and in the business world, the two found themselves struck by the difference they had long observed in behavior of trustees in their board roles and in their roles as directors of business enterprises. Individuals who in the business environment asked sharp and meaningful questions and insisted on getting meaningful answers seemed in their campus settings to become hesitant and reluctant to probe.

Conversation with another experienced trustee, John W. Pocock of the board of The College of Wooster, brought added confirmation and the idea began to take form of a meeting of trustees and presidents of similar liberal arts colleges to discuss the trustee role and function in the changing environment of higher education. A planning group was assembled that included trustees Caples, Pocock, Richard Thomas of Kenyon College, and Wesley Dixon of Lake Forest, and Presidents Henry Copeland of Wooster, Eugene Hotchkiss of Lake Forest, Philip Jordan of Kenyon, and Gordon Van Wylen of Hope. Presidents Van Wylen and Hotchkiss were currently serving respectively as chairmen of the boards of the two Midwestern consortia, the Great Lakes Colleges Association and the Associated Colleges of the Midwest.

This group surveyed the contemporary scene with its numerous problems for the independent liberal arts college and identified four areas as crucial:

- Economic change, particularly the decline of basic heavy industries of the Midwest and Northeast and the rise of service industries with their new challenge to education.
- Population change, the demographic decline forecast for the Midwest and Northeast, threatening the major student markets for the members of the two consortia.
- Sharpening competition within higher education, especially between public and independent institutions, for support and enrollment.
- Budget and investment strategies in light of long-term as well as short- and medium term needs.

A consensus emerged that a symposium focusing on these questions would be of significant value to trustees and presidents. The two consortia, which had already cooperated effectively in many areas, were natural vehicles for structuring such a symposium. The presidents of the two associations, Jon Fuller of the Great Lakes Colleges Association and Charles Neff of the Associated Colleges of the Midwest, were therefore invited to join trustees Caples and Pocock as a committee in charge of detailed planning. During the planning year Elizabeth Hayford succeeded Neff as president of ACM and joined in the symposium preparation.

A proposal for support was written and taken by Mr. Caples to the George Gund Foundation of Cleveland, Ohio, and to the Joyce Foundation of Chicago. The proposal was accepted by both foundations, which agreed to share in support of the symposium.

The ACM and GLCA have served their member institutions for approximately a quarter century, and it was felt that another quarter century would be an appropriate rough time frame for looking at the problems ahead; thus the title of the symposium emerged: "The Liberal Arts College: the Next Quarter Century." It was agreed that each of the twenty-five member colleges should be represented by its president, the chairman of its board, and one other trustee to be selected by the president and chairman. Four distinguished speakers were recruited to make the formal presentations:

- Elmer W. Johnson, Executive Vice-President and General Counsel, General Motors Corporation, to speak as a trustee on the importance of trusteeship.
- Roy Moor, Senior Vice President and Chief Economist of the First Chicago Bank, to forecast the economic changes lying ahead that will affect the colleges.
- Russell Edgerton, President of the American Association of Higher Education, to analyze the effect of economic and social change on the future education priorities of the colleges.
- Michael O'Keefe, President of the Consortium for the Advancement of Private Higher Education, to summarize and discuss the planning and decision-making in the colleges.

The symposium was held at the University Club of Chicago, June 22-23, 1984. The proceedings were edited by Joseph Gies, former editor of publications for the Association of Governing Boards of Universities and Colleges. It is hoped that besides setting the stage for further discussions among the member institutions of the two consortia involved, the record will help and encourage other colleges and universities to deal with the issues discussed.

William G. Caples
Jon W. Fuller
Elizabeth R. Hayford

Symposium

Friday evening, June 22, 1984

ELMER W. JOHNSON: "STEWARDSHIP AND THE LIBERAL ARTS COLLEGE"

Introduction by Gordon J. Van Wylen, President, Hope College, and current chairperson, Great Lakes Colleges Association:

This is a historic meeting for our two college associations. We've had meetings of presidents and other officers of our colleges, but this is the first time we've ever attempted to come together as presidents and trustees. We've gathered to address an important topic, the future of our colleges, and of liberal arts colleges in general, in the next quarter century. We believe in our mission, and we believe that we have the potential for influencing the lives of our students, and through them to make an impact on every segment of society. We're eager to keep our institutions strong and vital, and that's why we've come together for these two days.

In looking over the roster of those who are here this evening, I noted that there were three major fields represented: business, the professions, and education. It's very appropriate that our keynote speaker is a person who embodies all three of these aspects in his personal career. Moreover, he's a graduate of a liberal arts college, and that speaks well in itself. As to his business, Mr. Johnson is Vice-President and Group Executive in charge of the Public Affairs Staff Group, and General Counsel for the General Motors Corporation. He came to this position from the outside just a little more than a year ago. He has also served as General Counsel for the International Harvester Company and as special counsel to the chairman of the new regional telephone company in this area. By profession Mr. Johnson is a lawyer. He received the J.D. degree from the University of Chicago in 1957, having joined the law firm of Kirkland and Ellis in Chicago in 1956. He became partner in 1962 and a managing partner in 1971, and he has continued his affiliation on a limited basis. But Mr. Johnson is also involved in higher education. He served as lecturer at the University of Chicago Law School from 1970 to 1973. Mr. Johnson has a special interest in the ethical aspects of the economic order and has lectured extensively to colleges and universities on this topic. From 1975 to 1978 he devoted a major portion of his professional time to helping multinational corporations in the development of codes of ethical conduct.

Mr. Johnson has served as a trustee at the University of Chicago since 1977 and is chairman of the executive committee for hospitals and clinics. He is a graduate of Yale, 1954, and though I've only known him since dinner together this evening, I sense he's the kind of person we'd all be proud to have graduated from our own colleges. He's a man of broad interests, a well-qualified professional, with high personal values that he not only articulates but embodies in his own life. Mr. Johnson, it's a privilege to have you with us to give our first talk of this symposium.

Mr. Johnson: My subject is the stewardship of the high-quality liberal-arts college whose student population numbers no more than two or three thousand. I will try to define that stewardship responsibility in light of the mission and long-term goals of the college and in light of present opportunities to be exploited and current obstacles to be overcome if that mission and those goals are to be well served.

By stewardship I refer to the role of the trustees and to the powers and responsibilities held by them in trust. I would like to talk about both the substance of that trust and the procedures by which trustees can most effectively carry it out.

I believe that the first duty of a trustee is to ensure that the college has in place a well-considered statement of its long-term mission, a statement of the purposes for which the college exists. The trustee must understand his charter, that is, the charter purposes of the trust. This does not mean that the work of preparing and refining the statement should be done by the trustees. In all likelihood it will be done primarily by the president and faculty representatives. But the trustees are responsible for see-

ing that it is done to their satisfaction and that it is widely accepted and adopted among faculty and administration.

It seems to me that this statement of mission should not have to be re-thought every year, but that perhaps every five years or so it should be reviewed in light of changing circumstances. I assume there are certain constants for all of you. I assume that among the primary purposes that define the public trust for all your institutions would be the following: to offer a private education that redounds not only to the individual's good but to the public good; to prepare students for the thoughtful exercise of their precious freedoms and responsibilities in a democratic society, or, as President Bartlett Giamatti of Yale has stated, to foster "the civilizing ability to make choices and to act responsibly for others on the basis of those choices." It is an education, he says, "concerned at heart with ethical choice and civic effort..."

Dr. Giamatti, President Hannah Gray of the University of Chicago, and others have spoken eloquently as to the forces in society that would divert our outstanding colleges and universities from this noble calling to more immediate utilitarian, vocational, or consumerist functions. From my own perspective as a legal counselor and as a business executive, I would only add this: for students of the quality your colleges are educating, students who will some day be in positions of leadership in business, in government, and in all kinds of not-for-profit institutions, there is no incompatibility between the kind of mission I have referred to and the kind of preparation of students required for their future roles and responsibilities in society. I often wonder how different the last twenty years of interface between government and the corporations, or between labor and the corporations, would have been if more leaders in both realms had benefited from educations at colleges deeply devoted to the kind of mission I have summarized.

Over this period our society has come to look upon the large corporation not simply as a business enterprise organized for the pursuit of private profit, but also as an institution having far-reaching responsibilities to protect and enhance various social interests. Clean air, clean water, income security, safety in the workplace, retirement security — businesses are now charged with these objectives and many others. For the most part, our corporate managers were unprepared for this kind of change, and for the most part, government leaders exercised little sensitivity or judgment in selecting the proper regulatory means for efficient social intervention. Both sets of leaders largely failed to see the "connectedness" of things. Each had its blinders in place, and so we witnessed a radical intensification of the adversary confrontation that has so long characterized our society.

One of the great needs today is for leaders in the private sphere who have the wisdom and drive to correlate their private institutional goals with the broader public interest and for leaders in the public sphere who have the wisdom and self-restraint to abstain from special interest group warfare and to build structures of mutuality and commonality.

The touchstone of trusteeship

This brief digression reinforces my argument that your colleges have an extremely important mission in a democratic society and that the articulation of, and the fidelity to, this mission is the paramount responsibilty of the trustees. Everything else you do, in my judgment, should be determined in reference to this mission. It seems to me that your job is somewhat simpler than that of the great research universities, which are constantly struggling to achieve the proper balance between their teaching mission and their mission to advance the frontiers of knowledge. Too often the student gets lost in the shuffle. I realize that the mission of your schools also entails a commitment to research, but it seems to me that your mission can be stated with greater singleness of purpose and that therefore as trustees you can attend more confidently to a second important responsibility: namely, that of assuring that the college has in place the quality of faculty and administration required by the statement of mission.

I put quality of faculty before curriculum, before student recruitment, before bricks and mortar, before investment policy, before fund-raising, before all these other important responsibilities. Without a small core of inspiring teachers of the highest caliber in the several key disciplines, and without a larger group of very able teachers covering the broader spectrum of course offerings, these other support activities simply are not worth the effort.

Again, I realize that trustees don't go out and hire faculty. Presidents usually do that. But it is the trustees who determine the priorities. They and the president should be in complete accord on the priority of a strong faculty. I happen to think that there are a few similarities between a great law firm and a great college faculty. They both require a core of super-stars who have the highest credentials and reputation in their chosen area of expertise; who have the power to attract younger lawyers or teachers into their institutions and who can nurture their professional growth; who can attract top clients to the firm or top students to the school; and who generally hold the institution together and define its stellar quality to the knowledgeable public. In this area there are a number of serious issues that require trustee attention. Among these are the problem of attracting outstanding young faculty, given the extended retirement age; the problem of competing with attractive market alternatives for teachers in certain disciplines; the difficulty under the typical tenure system in adequately rewarding the extraordinary teacher, and so forth. I think trustees need to probe these issues if they are to be good stewards.

Third, in my listing of trustee responsibilities, I come to the president. Some trustees would list the choosing of a strong, effective president as their very first priority. Once that is done, everything else tends to fall in place. The president will attract top teachers; they will attract first-rate students; the president will become the major fund-raiser, and so forth. There is merit in that argument, provided the president you choose is in agreement with the first two priorities and provided the trustees do not abdicate their own non-delegable responsibilities to define a mission and to see that the college remains true to the mission. My own experience, both with business and with eleemosynary institutions, is that the wise selection of a president will make one's other responsibilities as trustee both pleasurable and relatively simple, and that failure in this regard will result in the expenditure of many times the hours that would otherwise have been spent at tasks that are then not very satisfying. Fund-raising is one very good example of what I mean.

Educational policy; a modern trustee responsibility

Fourth, I believe that educational policy is an ultimate responsibility of the board of trustees. If the mission is to mean anything, trustees should be asking questions about the curriculum, about standards for majors, and so on. I am talking about a process of review and accountability, not of formulation. As trustees of the college you are in a good position to observe and interpret the long-term effects of educational policies and you have a responsibility to do so for the individuals who are committed full-time to the management of the school. For example, as you all know, there has been a trend over the last decade in colleges generally toward a much heavier percentage of students majoring in business and other career-oriented subject areas. I imagine that in colleges of your stature, you would view such a trend with some concern. What courses in the sciences and humanities are prerequisites for such majors? Are departments competing with each other for students by narrowing the breadth or rigor of pre-major course requirements?

Fifth, I believe that trustees who have been successful in recruiting highly able young people into their own companies and organizations are in an excellent position to appraise and suggest improvements in college recruiting programs. Again, if your mission is as serious as I imagine it to be, one of the keys to success is the ability to attract some of the very best young minds. Further, it is difficult to keep outstanding teachers unless you do, and certainly most teachers can best grow professionally only through interaction with able students.

As to functions traditionally considered to be the special preserve of trustees, investment policy, fund-raising, financial review, capital projects, and so forth, I will say very little — notwithstanding their importance. I have chosen rather to focus on those responsibilities that are sometimes neglected by trustees who are preoccupied with their more traditional functions. I happen to believe that the performance of these latter functions, which have to do with maintaining and enhancing the physical facilities and the financial strength of the institution, is more likely to be successful if the other functions receive the priority I have suggested. Even in hard times, when you have to cut costs and pare programs, having your priorities straight and your mission explicit will supply needed guidelines. As to dealing with the maintenance functions, I think that trustees should be more ready to ask bold, even naive questions. In the management of the investment portfolio, for example, too many colleges have been derelict about holding their investment managers accountable and considering alternative arrangements.

I have given you my general overview as to the stewardship responsibilities of trustees of the liberal arts college. I happen to believe that the trustee can only be effective in this job if he loves his college, if he has formed rewarding associations and friendships with faculty and students, if he has some special interests that enable him to make a specific contribution. I subscribe to the idea of assembling a board of trustees of diverse talents and strengths. I also believe that in general there must be some mechanism that ensures against automatic lifetime tenure for voting trustees. At the University of Chicago, we have recently gone to a system of five-year terms, and we have an understanding that in the usual case, trustees will be nominated for a second five-year term. A few great trustees, who are obviously hard to find, will be nominated for third and fourth terms and ultimately become eligible for election as non-voting life trustees.

This concludes my formal remarks. I'll be glad to respond to questions.

Discussion

Jon Fuller, president of the Great Lakes Colleges Association: So much of what is important to our institutions has to do with faculty, their relations with students and the decisions which they make. A problem sometimes arises from the fact that faculty may be drawn together by a sense of self-interest which may not be congruent with the long-term institutional interest, student interest, and society's interest. How ought trustees to intervene constructively?

Mr. Johnson: Well, two ideas come to mind. One is that college presidents and deans can use a little imagination in thinking of ways for the trustees to get to know faculty members and students better. I think the University of Chicago, which is my experience, has done this quite well. They arrange occasions when trustees can speak to students, or get-togethers where they meet students and get to know them, and the same with faculty. We have at the University of Chicago a visiting committee system which promotes interchange among trustees, faculty, and students. Some of you probably do the same thing, or could. I think trustees have to do a lot of listening, and I think that starts by their getting involved with the college.

Another thing, just as all of us in our businesses tend to become parochial, I think that faculty members tend to live in a small world, talk to each other, even just within their own disciplines. They almost have to be forced to communicate with outsiders, with people who don't speak their language. I happen to have been close to the divinity school at the University of Chicago for a number of years, and I helped the dean set up a program in downtown Chicago in which members of the faculty come, and over a luncheon address subjects that are of interest to the general business community. The result has been that these divinity school faculty members had to learn to communicate to outsiders, to get out of their narrow worlds.

Richard Rosser, president of DePauw University: I was intrigued with your comments about trustees who are no longer performing effectively. (This does not, of course, apply to the trustees of DePauw who are here tonight!) How do you deal with the Old Boy concept, once a trustee, always a trustee? First of all, what criteria can be used to guide in evaluating trustees, and second, what measurement would you recommend be used in reappointment?

Mr. Johnson: About five years ago I served on a committee at the University of Chicago; I think there were about ten of us who over a period of about a year met to study the governance system of the university. One of the major items that came up was this matter of how do you deal with a trustee who is no longer making a contribution. After a great deal of discussion we concluded that contributions can be made in a number of ways. You ask how do you evaluate trustees. Some trustees are there because of their judgment, and some because of their special talents or expertise. The University of Chicago has had very serious real estate concerns, and so it has been important to have someone on the trustee board with that kind of expertise.

You may have a tax lawyer who is one of the leading authorities in charitable contributions. Or people with investment expertise and so on to evaluate investment management alternatives. And of course you have trustees who are generous and have a strong interest in the institution, so that their primary reason for being there is that interest and that generosity. And I think you have trustees who have some combination of two or more of those strengths.

Now, as to the way you deal with the person who doesn't contribute adequately: every so often you have a trustee who looks great when elected or appointed, but a few years go by and the person either runs out of gas or looks on his trusteeship as a sort of badge, and now he or she can go looking for a few other badges, but doesn't need to come to meetings very often, and can let his contribution level, in comparison to his ability, fall very low. In such cases, there has to be a graceful way of making room for someone else. The way we solved the problem at Chicago was to decide for all of us that we would go to five-year terms, and that in the unusual case where the person just hadn't proved out, that person would not be asked to serve for a second five-year term. That would be a rare case, but it would be an option. And when we presented our recommendations we said that in the normal case ten years on the board would be enough. But we also recognized that for a great trustee there would be no reason why we couldn't nominate for a third or even a fourth term. I think hospitals have largely gone this route of having fixed terms of three to six years.

Eugene Hotchkiss, president of Lake Forest College: In many ways it seems to me that the role of trustees at the small liberal arts college is far more exacting than the role of the trustee at a major institution like the University of Chicago. I think that a major research university has a very clear mission in this nation of ours, and I think that increasingly today the small liberal arts college has a complex mission, and I want to acknowledge that I think having lost a goodly number of our trustees at Lake Forest College to the University of Chicago, I happen to believe that the trustee of a small liberal arts college today is really in a terribly difficult spot, without much reward, without much prestige, with a lot of problems at the economic level, with the problems of recruiting faculty, and all the other problems. I think for a novice it's very hard, and I know that some of my trustees wish they'd gone on the board of a great research institution. In fact, they look at me and say, "What are we going to do?"

Mr. Johnson: I said earlier that I assume that the teaching mission is the primary mission of the liberal arts colleges represented here today. I didn't say it was the only mission, but I said I assume that's the primary mission, whereas I think in the big research universities, they have some kind of schizophrenia between research and teaching. I think that probably if you surveyed the students of the colleges represented here tonight, you would hear fewer complaints of that kind from students

than you would, say, at Harvard or some other large university where research plays such an important, even predominant role. I certainly didn't mean to say that the role of the trustee in the liberal arts college was easy, and I apologize if I gave that impression.

Lewis Salter, president of Wabash College: You spoke of the great importance of the trustees' task of choosing the president of the institution. Is there a corresponding responsibility or obligation in evaluating the performance?

Mr. Johnson: Yes, I believe that just as in any other institution, a business corporation, for example, there are those occasions when the trustees or the directors of the institution should have the judgment, the sensitivity, the perceptiveness to see early warning signals that things are not going well, and that if the incumbent stays in that role as president the institution is going to suffer. Too often, trustees and directors of both business and not-for-profit institutions lack that kind of perception, and it's only after the situation has become a debacle that corrective action is taken. On the other hand, if that perception is there, that sensitivity, the situation may not require a draconian solution. It may only require counseling. But I couldn't agree with you more that one of the highest duties of trustees is to monitor the administration of the college.

Dr. Salter: To take this a little further, what sort of models strike you as appropriate? A lot of evaluation goes on in our institutions. Evaluation of young faculty, for example, can be enormously traumatic.

Mr. Johnson: I think the corporate model is the natural one. I think both legally and as a practical matter the president is held accountable by the board of trustees or not at all. I spent the last eight years of my legal career primarily advising corporations that were going through crises — Westinghouse, Firestone, International Harvester, Pullman — a number of others — in which the board retained me as special counsel after the crisis was upon them. Often this involved overhaul of management and termination of the president's employment. I asked myself the question you're asking: How could all this have been avoided? How could the board have gotten more early warning signals?

I think in each case the real problem was the distance of the directors from the situation. They just didn't know very much about the institution they were supposed to be monitoring, and their only pipeline was the president. Now, in that situation, if the institution gets into trouble, the directors or the trustees are the last ones to know about it. The president so often says, "I don't go to my board with problems, I go to them with solutions. I'm not going to tell them we've got an unsolvable problem. I'm creating a task force and when we have the solution I'm going to tell the board about it." So then he finally finds out that the problem is not going to be solved, and it all comes to the board at the point where he has to tell the public and the board at the same time. So one thought that has come to me, considering the corporate model, is that trustees ought to have frequent reporting. It seems to me at each board meeting the directors should hear from a different principal officer, as they do, for example, at General Motors. I think that perhaps we can extend this to colleges as well.

Question: How can a board audit a president's performance without becoming a burden and interfering with the president's function?

Mr. Johnson: You have stated a dilemma that afflicts the corporate governance area today: How does the board of directors audit social performance and financial performance of management without becoming such a burden on management that it actually undermines the efficiency of the operation? I think one answer is to set up committees of the board of trustees or the board of directors to get reports on what's going on. There is always a danger here.

I have noticed in board meetings that certain astute and experienced directors are very helpful on occasions when someone who is perhaps a little new at being director cross-examines in great detail and says, "I want even more information." Then the experienced directors says, "I think you're going too far." There's a general consensus around the table, and the new director just shuts up, and has learned a little lesson.

I think the same thing has to happen on college boards. I have been in trustee board meetings when something of this sort happens, and I've heard a gentle rebuke given that solved a little problem. Ultimately it comes down to the quality of the people that you attract to your board.

Jon R. Muth, trustee of Kalamazoo College: How far ahead should a board of trustees try to look? It seems to me it's pretty hard to envision what's going to happen many years down the road, and yet here in this symposium we're talking about the next twenty-five years.

Mr. Johnson: Whether it's a business institution or a not-for-profit institution, I believe in focusing on mission, and in terms of mission I think we can be very long-term, twenty-five or thirty years. We must ask, what kind of institution are we trying to make this into? We want it to be great, but what do we mean by greatness? What are our long-term objectives, what do we need to achieve them? I think after you define this very long-term mission, then you take account of the present obstacles. I alluded to some of them — the current trend toward careerism at too early a stage, and so on. You look at the present problems and the present opportunities in light of that long-term mission and say, "What is my agenda for the next couple of years?"

Saturday, June 23, 1984

ROY E. MOOR: "BUSINESS PROSPECTS FOR MIDWEST LIBERAL ARTS COLLEGES"

Introduction by Elizabeth Hayford, president of the Associated Colleges of the Midwest:

Dr. Roy E. Moor, Senior Vice-President and Chief Economist of the First National Bank of Chicago, brings us both an affection for liberal arts colleges and an outstanding background in academia, government, and business. He has taught at major research universities, including Harvard and Princeton, at leading business schools, including UCLA and the Wharton School, and a leading liberal arts college, Williams College. In government, he has served as an economist and consultant for the Treasury Department and for the joint economic committee of Congress, and as an administrative assistant for Senator William Proxmire of Wisconsin. In 1955 he went to the private sector, first with financial institutions in Philadelphia and New York, and since 1981 at the First Chicago Bank.

Mr. Moor: We at the First National Bank of Chicago consider ourselves to be strategically driven. By this we mean that, for every market we are in, we forecast the most likely long-term business environment and then develop a strategy to cope with that environment. My responsibility at the bank is to forecast the bank's future environment. I view my responsibility today as exactly the same: to forecast as realistically as I can your specific environment through the next ten years. It would be presumptuous of me even to suggest the specific strategies that might be appropriate within this environment for each of your institutions. You should know, however, that the environment I am describing is completely consistent with the one we have developed for the bank and the one that the bank has built its strategies on.

I fervently hope that none of you are offended by my application of business analysis to your outlook. Yours are honored institutions, but no one in our society is immune to the forces of the marketplace. Each of you competes for resources with all others who view those resources as valuable. You compete for potential students against each other, against all other institutions of higher learning, and against labor markets. You compete for dollars with all the alternative uses that people have for those dollars.

I believe strongly that the only way to analyze your future environment is to view each of you as a company within a competitive industry that competes in free markets. Therefore, in attempting to forecast your future environment, I have constructed a forecasting model in the same way that we have for many other industries.

Before examining your specific future business environment, however, I would like to talk about one generic characteristic of the economic and business environment of the next ten years that is in sharp contrast to the last ten to fifteen years we have all lived through. There are, in addition, numerous differences I will later describe that distinguish your environment during the next ten years from your environment during the last ten to fifteen years. My reason for stressing these differences is because all of us, indeed all business executives, have mind-sets based on our personal experience and that personal experience has been largely acquired over the last ten to fifteen years. Therefore we must recognize the differences between the past and future in order to adjust our thinking to incorporate the new realities of the future environment in developing our individual strategies.

Ahead: continued low inflation for ten years

The generic economic difference we at First Chicago believe must be recognized by all strategic planners is that the next ten years will be characterized by consistently low inflation. Every factor we know of that influences inflation points to continued low inflation through at least the next ten years.

Although there are many others, let me mention three of these factors which have particular relevance for you.

First, in every industry in the United States — there are no exceptions — more acute price competition exists today than ever before in history. That conclusion stems from our analysis; it is also supported by evidence provided to me by executives from every industry in the country. In part, this acute price competition exists because markets have broadened so that now virtually all markets are international in scope. In part, competition has developed because companies which were not effective price competitors have not survived the last few years, so that only the most effective price competitors remain. Another reason is that deregulation has eliminated barriers to price competition in many areas. If, as I believe is appropriate, Midwest liberal arts colleges should be viewed as an industry, then you too will be significantly affected by this price competition.

A second independent but complementary force leading to low inflation is a changed attitude toward prices by households. In the '70s, rising prices were often an inducement to increase purchases because of inflationary expectations, that is, the anticipation that prices would rise even faster in the future. By contrast, since 1980, the statistical evidence shows conclusively that individuals have become more acutely price sensitive than ever before in the postwar period. The evidence is overwhelming. Since 1980, in every single item or service in a household budget, purchases have declined whenever prices have risen. Conversely, every time prices have been reduced for any item or service, the quantity purchased has risen. Presumably, the services provided through higher education are no different in this respect from those provided by hospitals, lawyers, or airlines.

A third factor is a change in government policy orientation, both in monetary and fiscal policy. The monetary authorities who, in the '70s, viewed a little inflation as being the least bitter pill to swallow are now totally dedicated to eradicating inflation through every means at their disposal. In fiscal policy, you will immediately think of the huge federal deficit. But as any of your economists can tell you, no historical relationship has ever existed between the size of deficits and inflation. There is, of course, an extremely close historical relationship between how deficits are financed and inflation. But since the Fed is dedicated to avoiding monetizing the debt, the deficits are not and will not be financed through stimulative monetary policy. The existence of a continuing huge federal deficit means that all politicians, regardless of stripe, are being pressured by their constituencies as never before to reduce the deficit through every possible means. As far into the future as we can see, there will be extraordinary pressures on all politicians at every level of government to hold down and reduce expenditures. Thus future political developments will have no effect on our inflationary forecast.

It's prudent to be a pessimist

Even if you are not fully convinced by these forces pointing to continued low inflation, I would strongly urge you to adopt the forecast. The reason is that in strategic planning it is necessary to use conservative forecasts in analyzing your environment. It is absolutely essential to eradicate all optimistic assumptions. If there are mistakes in planning, let them be mistakes that come in the form of conditions being better than expected rather than worse than expected. We in the bank take the most realistic, that is, the maximum-likelihood forecasts, and then trim them toward the pessimistic side so that we can prepare for an adverse environment and are less likely to be unpleasantly surprised.

In structuring a model for any industry, it is customary to begin with revenues. The Associated Colleges of the Midwest breaks down your revenues into five categories. The largest, slightly over 50% of all revenues, comes from tuition and fees. Let me hold off this subject until after I have briefly touched on the other sources of revenue.

The second largest category of revenues, accounting for about 20% of your total, comes from what the ACM calls "sales and services." These historically have moved in close conformity to "retail sales" generally in the economy. In effect, you are in business and directly compete with other retail outlets. You have the advantages of location and convenience, but you can only exploit these to a limited

extent and presumably less than in the past because of the extreme price sensitivity of your customers. In the past five years, your revenues from sales and service have risen on average about 14% a year, similar to the experience in retail sales generally. About half of that avaerage annual increase has come from gains in unit volume and the other half from price increases. During the next ten years, we expect the average annual increase in retail sales to be about 8%. About 5% to 6% of that 8% for retail sales generally will be in unit volume and only 2% or so will be in price increases. You will presumably be able to acheive the 2% or so price increases comparable to your competitors. But your volume increases, I would guess, depend crucially on what happens to your enrollment. Thus, in forecasting your sales and services revenue, I would start with a 2% annual increase and then add or subtract whatever changes you individually foresee in your enrollment.

The third largest source of revenue to you — accounting on average for about 12% — comes from endowment income. Our long-term forecasts for interest rates are: first, that all fixed income markets are currently locked in a long-term horizontal trading band; second, that throughout the next ten years, there will be periods such as today of slowly rising rates and other periods of slowly declining rates, but no trend will exist; third, there will always be a positive yield curve, that is, long rates will consistently remain above short rates. In addition, stock prices should be slowly growing although with frequent down markets.

These conditions suggest a number of implications for your endowment revenue. First, you will not be able to rely on consistently earning capital gains. Therefore the emphasis in portfolio management must be on yields and on fixed income obligations. These yields should remain high. Next, to the extent that you do not need to liquidate portions of your endowment portfolio, an appropriate strategy would be to move into longer maturity fixed income obligations where yields are higher. I would think that you could set a bogey of 13% as yield you should consistently obtain, simply because such yields are available in virtually riskless Treasury obligations. Because of the emphasis on yields, you are not likely to have a high proportion of equities in a portfolio because the yields will be consistently less than in fixed income obligations, unless you can reasonably anticipate significant and sustainable capital gains. As an ex-money manager, I would doubt that this is possible. Therefore to enhance endowment income beyond let us say a 13% rate of return, it will be necessary for you to attract additional endowment funds under management. This entails, as you well know, extensive marketing efforts on your part, and each of you probably already has a strategy for attracting such funds.

Before developing that point further, however, let us turn to the fourth largest source of revenue for you: private gifts. These account on average for about 9% of your total revenues. With these, as with new endowment funds, it is necessary for you to develop your own marketing strategy. In constructing such strategy, you will need to take into account factors that are both favorable and unfavorable. One such factor is that corporations, in this low inflationary environment, are needing to economize on all types of costs, including endowments and gifts, both to institutions and to foundations. The second factor is that we assume a continuation of lower than historical individual income tax rates and therefore less tax advantage from contributions and gifts.

A third factor is that the opportunity costs of gift-giving are extraordinarily high, by which I mean that donors sacrifice high yields in the marketplace that represent exceedingly attractive alternatives.

Another factor is that personal incomes should grow quite steadily, around 8% per year, through the forecast period. That is less than the 10 to 12% growth of the past ten to fifteen years, but nonetheless good growth. The endowment and gift market has become more competitive than ever before, and as you know, obtaining these funds represents a highly sophisticated art form. In general, I would expect the rate of increase in gift-giving to slow substantially in the years ahead, but I cannot forecast what that rate will be.

Grants and contracts face tough budget pressure

The fifth largest source of revenues for your institutions is government grants and contracts, which currently amount to about 5% of your total revenues. As I suggested earlier, pressures for economizing in this area are extraordinarily acute. Budgetary constraints in Washington and in state capitals, which mean economizing wherever possible, must be assumed throughout the forecast period. The reason is that interest on the national debt is rising rapidly and deficits will be rising after 1984 because of slower economic growth, so the pressures become even more extreme. No states or localities in the Midwest are immune to comparable pressures. The problem for you and for me in forecasting in this area is that government grants and contracts have long lag features, so you continue to benefit from grants and contracts made a number of years earlier.

However, the amounts of grants and contracts you have received in the last five years have grown ever more slowly, and there is a dramatic slowdown observable in the last five years compared to the preceding five years. My conclustion is that, regardless of your activities in this area, absolute declines lie ahead.

Now let us turn to tuitions and fees, which constitute slightly more than 50% of your gross volume. Tuitions and fees can be forecast as a function of two variables: enrollment and tuition charges. The enrollment outlook, as you know, is abysmal. I have independently assessed the demographic numbers from the Census Bureau that have been used in the various studies you have read. I see no way to avoid the fact that from 1979 to 1994 the number of 18-year-olds nationwide will drop about 26%. This means, of course, increased competition among all colleges and universities for incoming students.

A second fact is that our decline in 18-year-olds within the Midwest is even greater than the national average, although of course varying state by state. Partial good news is that the net outmigration of families from the Midwest has stopped, although there is still some outmigration from agricultural regions.

A further bit of good news is that demands for college education are again on the rise within high school populations. In effect, colleges are again winning the competition against jobs and immediate incomes. We expect the unemployment rate to remain relatively high throughout the forecast period, and therefore this preference toward college education should continue. But the offsetting factor is that, associated with the increased demands for college education, has been a commensurate shift towards specific skills such as engineering and business management. I view this shift as a function of the marketplace, and I believe it is likely to accelerate. It is a relative income phenomenon, namely that prospective students and their families are attracted to fields where income levels are high and rising.

Another factor is that, nationwide, education of older workers without prior college education is clearly slowing dramatically for the obvious reason that the backlog of such people is diminishing. Therefore, enrollments must be increasingly determined by the flow of 18-year-olds.

More 18-year-olds will be black, Hispanic

Finally, the fact that about 75% of 18-year-olds are going to college seems to be so constant that I would not forecast a change. However, since the proportion of 18-year-olds who are black or Hispanic is growing faster than the majority group, the 75% may in fact decline slightly unless specific actions are taken to counteract it.

On tuition, the facts of the future are these: First, while families still are not particularly price-sensitive in deciding whether children do or do not go to college, families are extremely price-sensitive in picking the college that their children attend. This price sensitivity, that is, sensitivity to the levels of tuitions and fees, is more acute today than ever before and can only get more so.

Second, during the '70's, your tuitions and fees rose with inflation. However, since the 1980-81 academic year, your tuitions and fees have been rising progressively faster than inflation and personal income to the point where now, in the latest year, they are rising at double the rate of inflation. No

other industry in the country is currently able to raise its prices more than the inflation rate without a more than commensurate decline in its sales and therefore in its total revenues.

Third, since 1978 your average financial aid per freshman has risen over 50% faster than the rate of inflation. Fourth, the proportion of your freshmen receiving financial aid has risen from 54% in 1978 to over two-thirds in 1983. To state the fact crudely, you are buying your customers.

Finally, we expect the dollar to remain strong relative to virtually all foreign currencies. Therefore, in comparison to the '70's, there will be an extremely high cost for foreign students coming to the U.S. for education.

My overall conclusion from examining all these revenue sources is that each of you faces an extraordinary squeeze on your revenue growth. Some of these pressures are inexorable, for example, in sales and services, endowments and gifts, and in government grants and contracts. Therefore what you critically need is a strategy, especially with respect to enrollments and tuition. It would be presumptuous of me to suggest possible strategies, but the approach seems clear. Each of you individually must decide on your market niche or niches. To whom are you appealing and how, relative to the competition? How can you differentiate yourself? Then, you must decide on marketing strategies focused on those to whom you are appealing. Somehow you must achieve market recognition of the differentiation you have selected.

Then you need a price strategy associated with your differentiated product. My only comment here is that your pricing must be based solely on the marketplace, not on your costs. For example, if you choose the niche of high quality education, your tuition level will need to consider the tuition levels both of other higher quality schools and of schools with lower quality. I have no doubt that each of you can establish your own niche. But the primary challenge is to identify it, to market it, and to price it.

So now I come, not to the bottom line, but to the punch line. The environment I have described absolutely requires cost management by you as never before in your experience. Such cost management is occurring in every other industry in the country, and, as I have indicated, you are not immune to the same market pressures. Notice that I did not say cost cutting but rather cost management, getting the maximum value out of every penny expended. In my view, this is your greatest challenge in the next ten years. No cost is fixed, and no cost increases should go unchallenged. My guess would be that cost reductions are possible everywhere.

Clearly I should not presume to tell you how to manage your own institutions. But I can give examples of how cost efficiencies are being achieved in other organizations and might be achieved in your institutions. You, like every other business entity, buy products and services from the outside. Your purchases include such services as investment management, printing, legal services, auditing, data processing, and so forth. Here is where you can make competition work on your behalf. Most successful businesses that I know of are today proudest of how they are economizing in their purchases of outside services. The test is very simple. Are you paying less today for such services that you paid twelve months ago? You should be.

The extent of the declines is in your hands because it is a buyer's market. In effect, you can put all potential sellers of given services in the pit and let them compete for your business through price. As a personal example, in 1982, my department in the bank, which makes extensive use of data-processing services, informed our provider that regardless of how he might choose to cut his fees we were going to open up the bidding for our business to all his competitors and inform each of the prices being offered by the others. The result in savings were in some instances as much as 70% of what we had been paying previously. I have talked to many businesses that have conducted similar strategies with respect to the outside services they purchase.

Another cost sector for you is your capital costs. In cost management, it must be assumed that no costs are fixed. Is it possible that you have some excess capacity in real assets, including plant facilities, that you could lease or rent? Many companies like to be located in a college environment. Indeed, there may even be some synergism with you on educational efforts. A related example concerns the

use of your facilities during the summer months. The overall conclusion concerning capital is simply that in this environment no business can afford to underutilize any capacity.

Another cost area involves efficient money management. Essentially, every company in the United States is now maximizing its returns from cash. Many colleges and universities, including perhaps some of you, have tuitions and fees sent directly to a cash manager who puts the amounts to work instantly. I have a personal example along similar lines. One of our daughters is currently in a college which sends out their tuition and fee bills and explicitly indicates that interest will be charged if the amounts are not received within ten days of mailing date. The difficulties of the mail are such that the ten-day period is virtually impossible to meet, so interest is almost inevitably charged. This is nothing but good business management, so I don't resent it too much.

Faculty compensation: problems and solutions

In the area of faculty salaries, you in the institutions represented here in this room did a good job of holding average salaries and fringe benefits to reasonable increases in the '70s. But starting in 1981, the rate of increase in your average faculty salaries and fringe benefits has been 2½ times faster than increases in the consumer price index. No other industry in the country is increasing its average compensation that rapidly. What can you do in terms of your personnel practices? Many companies have encouraged early retirements. You may need to reduce specialized offerings that are expensive and do not fit with your strategic niche. As virtually all companies in the country are doing, you probably need to adjust your medical insurance coverage and other fringes to generate more price sensitivity by the beneficiaries. Undoubtedly you can introduce more flexibility into your salary schedules so that while good professors receive increases, poor professors — and all of you undoubtedly have some — receive reductions, even if they are on tenure.

Finally, I can speak from personal experience about a group in the population that you should know about. This group has several characteristics. They are more knowledgeable in their specialized fields than, in general, your faculty members. They are better teachers than, in general, your faculty members. They are cheaper to hire than, in general, your faculty members. And they have strong desires to teach. I refer, of course, to retired persons.

What happens upon retirement to museum curators, professional musicians, professional writers and editors, sociologists, politicians, and, yes, economists? I submit that these and many others like them who have experience in their fields outside academia are more knowledgeable in their specialized fields than the typical academician, simply because of that experience outside. I submit that they are better teachers because they have had to teach to an audience that is more critical, more skeptical, and more knowledgeable than college students. Their classes were not compulsory, and their students had to be convinced that as teachers they could bring value to the students. I have never had students as tough as the clients, customers, and fellow executives with whom I have had to work.

The many retirees out there are cheaper than your average faculty member because they have already acquired sufficient assets to retire. And they desire to teach because they have accumulated experience that they know is of great value to the young. As one who is approaching retirement, I can speak with firsthand knowledge about this group.

The environment that I have described here is an extraordinarly hostile one for you. I have complete faith, however, that you can meet the challenges. In my view, you must. You do have a vital role to play in our educational process, I know that you are convinced of that and that you can overcome the difficulties created by the environment. I hope that these remarks will help you in that effort.

RUSSELL EDGERTON: "THE NEW ECONOMY AND THE OLD LIBERAL ARTS"

Introduction by John W. Pocock, chairman of the board of trustees, The College of Wooster, and member of the Planning Committee for the symposium:

Russ Edgerton is the Paul Revere of One Dupont Circle. In that famous Washington headquarters of higher education, his organization, the American Association for Higher Education, has taken on the function of calling everybody's attention to new dangers and new opportunities for our colleges and universities. That's exactly what we want him to do for us here today.

Russ's background includes faculty experience in the political science department of the University of Wisconsin/Madison, and several years service with the Department of Health, Education, and Welfare, where he was much involved with the important Education Amendments Act of 1972 and with the establishment of the Fund for the Improvement of Post-secondary Education. In 1977 he became president of the AAHE. He's an alumnus of Stanford, where he took his undergraduate degree, and of Columbia, where he received his Ph.D. in government. In 1978 he made Change Magazine's list of 100 Young Leaders in American Higher Education. He's exceptionally well qualified to talk to us on how our liberal arts colleges can creatively fit into this changing economy and changing society of ours.

Mr. Edgerton: My assignment is to look into the connections between the changing economic terrain and the academic future of your colleges.

The new economy presents some obvious demands for new kinds of specialties and new literacies (computer literacy, technological literacy) needed by all. This, however, is an occasion for looking beyond these issues to more fundamental questions. When we are planning for the short run — for next year's budget and appointments — we have to take the present configuration of academic departments and programs pretty much as given. But if we are strategizing about the long run, the present structure and arrangements are themselves at question.

In honor of the spirit of this occasion, I will try therefore to go to the fundamental questions of the liberal arts colleges. Are the liberal arts, as we know and teach them, appropriate to our future? If not, what should take their place?

For many of your trustees, the economic terrain is familiar turf. But the academic areas of your colleges are typically well posted with off-limits signs. Neither you nor your presidents, and certainly not your faculties, feel very comfortable when you go fishing and hunting around such issues as whether the existing academic departments are the best expression of your college's academic mission.

Yet if you take your role as trustee seriously, I think you'll be increasingly drawn into these areas. You know that the most precious asset of your colleges is quality. At your price range, you have to keep the quality edge. But what does this mean? Does it mean that you are selective in admitting students? Or does it also mean that during their college years your students grow and develop in the most important ways — most important to themselves as individuals and to our country? Once you've asked this $64 question, you're in the middle of the academic arena.

The Association of Governing Boards is coming out with a new publication on the academic affairs role of the trustee. I agree with the thought behind this publication that trustees do have an important role in this area. And that role, as I see it, is to ask the tough questions. With reference to the changing economy, what are these? Some of the most important are shown in our first chart, "The Creative Balance."

THE CREATIVE BALANCE

TRADITIONS, CAPACITIES

Whom Do We Serve?
- Social Group
- Local/National
- Unselective/Selective
- Low-Income/High-Income

TO What Purpose?
- Vocation/Profession
- General/Liberating

Via What Academic Strategies?
- Breadth/Depth
- Curricular Strengths
- The Extra-Curriculum

By What Methods?
- Day/Evening/Weekend
- Passive/Active
- Lecturing/Coaching/Mentoring
- Theory/Application

THE CHANGING CLIENTELE

Who Are Our Future Students?
- Traditional Age
- Lower Achieving
- Adults

What Will They Want?
- Specializations
- Etc.

CHANGING SOCIETAL NEEDS

What New Forces?
- Science and Technology
- Economic and Political
- Cultural and Demographic

What New Requirements?
- Work
- Citizenship
- Personal Fulfillment

Let me say, first of all, that academic strategizing must take more than the economy into account. In setting a course, we need to look *inside* to our college traditions and the capacities of our facilities, and *outside* to the changing nature of our students and the changing requirements of the society they enter.

Colleges differ in the degree to which they are inner-directed and other-directed. Some colleges — St. John's in Annapolis, for example — believe they have a program for all students and all seasons. They are completely inner-directed. Other colleges — the community colleges are the best example — are very responsive to the wishes of students and/or the changing needs of business and industry.

We also go through different eras in which we become focused on one or another point of reference. In the 1950s and 1960s, when there was a seller's market, the curriculum and missions of colleges unfolded according to an internal logic. The views of the faculty as to what should be taught tended to prevail. In the late 1960s, we began to focus more and more on students. The dominant question of the day was, how do we respond to the students (be they elite students demanding relevance, disadvantaged students requiring special help, or adult students needing new forms of service)? In the mid-seventies, when the numbers of college graduates began to outstrip the number of available "college-type" jobs, the focus shifted again. The dominant question became, how do we respond to the needs of the economy?

My point in this is that each of your colleges will come to its own unique view about what weight to give internal and external factors, and the changing economy is but one of many points of reference to be taken into account.

I believe that none of your colleges can or should avoid looking outside. Further, I believe that, looking outside, there is a more compelling case than ever before for a kind of higher learning which is not only specialized but general and liberating.

I get to this position looking at the changing economy. I get there looking at the changing requirements for citizenship in an increasingly technological society. I get there looking at the terms and

HISTORICAL MISSIONS

1776 FORWARD THE PRE-CIVIL WAR COLLEGE	MINISTERS, DOCTORS, LAWYERS, EDUCATED AS GENTLEMEN	CLASSICAL CURRICULUM - MENTAL DISCIPLINE - CHARACTER (CAMBRIDGE)
1865 FORWARD CORNELL AND THE LAND GRANT MOVEMENT	COMPETENT FARMERS, MECHANICS, ETC. EDUCATION SUPPLANTS APPRENTICESHIP	RESEARCH AND EDUCATION IN "USEFUL" SUBJECTS, EG. AGRICULTURE & THE MECHANIC ARTS (SCOTLAND)
1867 FORWARD JOHNS HOPKINS AND THE RESEARCH MOVEMENT	SCHOLARS IN THE EMERGING DISCIPLINES	SCHOLARLY INQUIRY, THEN SPECIALIZATION TEACHING AS BY-PRODUCT (GERMANY)
1880's FORWARD REVIVAL OF LIBERAL ARTS/ GENERAL EDUCATION IDEAL	CULTURAL, WELL-ROUNDED PERSONS	ESSENTIAL CONTENT: - HUMANITIES - SOCIAL STUDIES - WESTERN CIV. - ETC.

conditions for leading a fulfilling life. I get there through a philosophy of being pro-active rather than passive about our future — by believing that we should graduate the kind of people who will bring about the kind of society we want to live in.

That's the good news. If anything, you should be more confident, more assertive, about the importance of your colleges' basic mission. But most of you believe this, or else you wouldn't be here. You don't need a Vince Lombardi pep talk on the virtues of a liberal education.

So what's the bad news? The bad news is that our traditional model — the version of liberal arts education we have been committed to since the turn of the century — is in need of a basic overhaul.

I'll present my case in several parts. First, I'll characterize what I take to be our present version of a liberal arts education. Then I'll take a little tour through the new economy. Finally, I'll suggest the kind of liberal arts experience I think our future requires.

Our present version of liberal education came together in the 1890s, a product of forces and debates which went on throughout the 19th century. I think it's important to have a feeling for this inheritance, so let me give you a two-minute history, with the aid of our second chart, "Historical Missions."

First, there was the vision of Harvard and 250 or so other colleges which grew up before the Civil War. Their mission was to prepare the sons of established families for careers in the three professions of the time — the ministry, law, and medicine. They also believed that people who entered these professions should be first certified as gentlemen. They accomplished this mission through the classical curriculum, starting with a year in Latin, as well as a strict extra-curriculum, compulsory chapel and all that.

But what was really going on in these colleges was the teaching of mental discipline and character. The faculty weren't professionals, they were clergy who taught a variety of subjects. They believed

deeply in the importance of these subjects, but they saw these subjects as means, not ends. Latin was a vehicle to train the mind, not a body of knowledge all that useful for the future careers of their students. To be sure, their view of mental discipline was a far cry from what today we call critical thinking. There was lots of rote memorization, as there is today in Japanese high schools. But an insight was there which I'll return to later on — the insight that the process of thinking is what is really essential, not the subject matter.

At Yale in the 1820s, they debated this issue at great length, and the famous Yale report of 1828 talked about the "furniture and the discipline of the mind." Both were deemed important, and of course you couldn't teach discipline without some subject matter as a context. But the authors of the Yale report were clear about which was most important: it was the discipline of the mind.

Well, after the Civil War these colleges were just too precious for a nation engaged in starting an industrial revolution and winning the West, and they gave way to our university movement. The new universities moved in two related but different directions. Cornell and the other land grant universities organized themselves around the needs of farmers and mechanics for practical and useful knowledge — and brought applied science into the curriculum. Johns Hopkins and other research-oriented universities looked to Germany, where scholars were expanding the frontiers of knowledge in the theoretical disciplines.

In the new universities, faculty who were specialists in a particular field of inquiry replaced the all-purpose clergy as teachers. Teaching became a matter of passing on to students the fruits of their scholarly pursuits. Specialized subject matter became, not the vehicle, but the end in itself. The universities also relaxed their grip on the extracurriculum and, as a result, both mental discipline and character development declined as intentional outcomes of the undergraduate college. In the hands of the universities, the worldly gentleman gave way to the technically and scientifically trained worker and professional.

Finally, the university movement itself stirred a counter-reaction, and toward the end of the century we see a reassertion of the ideal of the liberally educated person. A number of classical colleges were born again along these lines, and a number of new colleges were founded. The universities rounded out their curricula to include courses in general and liberal education. During World War I, Columbia University introduced a course in Western civilization, and others soon followed.

This is your legacy — this ideal of graduating a more well-rounded person. What it meant at the time, and still means, is that certain academic subjects, especially courses in the humanities, were regarded as essential. The ideal is that of a Renaissance person, a triple threat student, equally versed in the arts and humanities, in the social sciences, and in the natural sciences.

Now let's speed this story fast-forward to the present. After World War II, the universities trained the faculty who went out to teach in your colleges and throughout the four-year sector. These faculty are, first and foremost, specialists in various fields of inquiry. Teaching is primarily an activity of imparting the knowledge they have learned about their specialized fields.

The result, in terms of what it is that your students learn, is shown in the bar chart, "The Liberal Arts Today".

First, lots of specialized information and knowledge.

Second, some general information and knowledge via "breadth" requirements across the various fields.

Third, students acquire certain intellectual abilities such as how to reason and solve problems during the course of their studies. But these abilities are learned as by products. All faculty who are good teachers teach these abilities to some extent. But there are not many places where they are explicitly part of the curriculum, the focus of tests, the subject of faculty discussion. The one exception is writing. In many colleges, faculty across departments — not just the faculty in the English department — share responsibility for the teaching of writing. But responsibility is not shared for the other abilities. It's assumed that they just "happen."

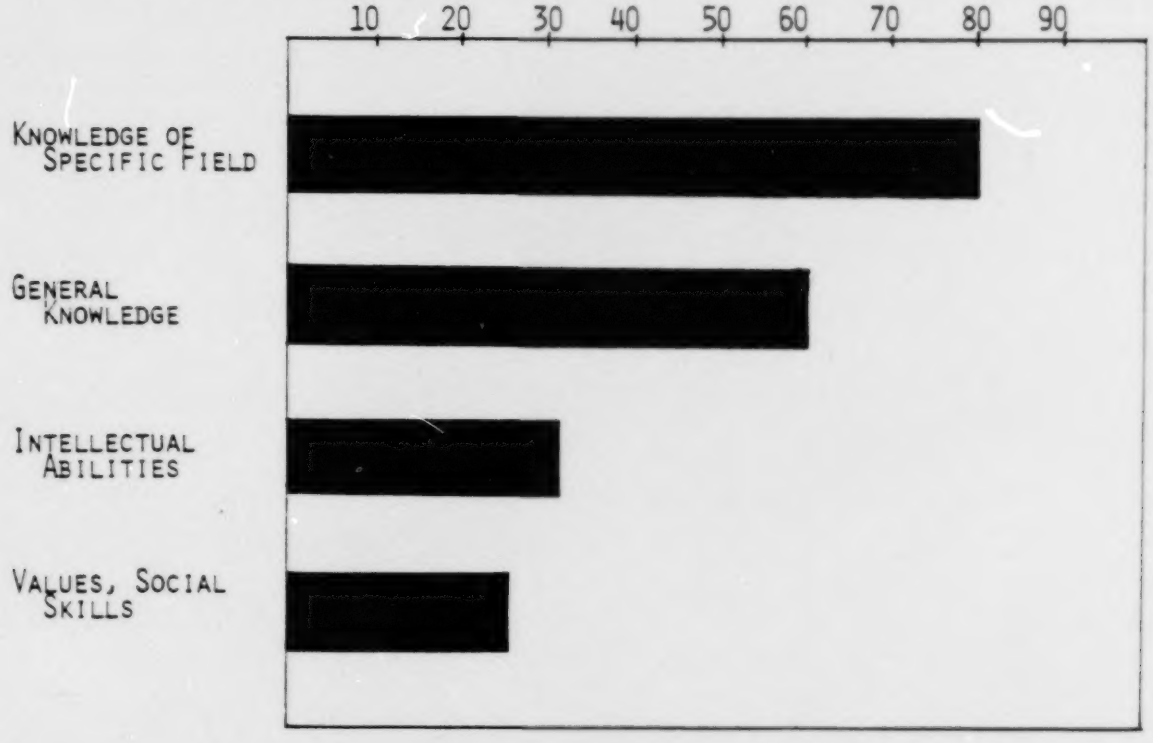
Fourth, students who are involved in student government and other activities acquire the social skills which are a component of leadership. But this happens through serendipity rather than design.

THE LIBERAL ARTS TODAY

TEACHING AND CURRICULA PRODUCTS OF:

1. "Essential Content" Legacy of the 1880's
2. Specialized Interests of Professionalized Faculty
3. External Pressures of Vocationally-Minded Students

RESULTS IN LEARNING:



Not many places intentionally design experiences which will enable all their students to acquire leadership skills, or integrate this agenda with the formal curriculum.

Fifth and finally, some students pick up value commitments along the way. But again, not many colleges push a value agenda very hard.

So much for a quick simplified view of the old liberal arts. My main point is that general and liberal education have come to be identified with the teaching of a particular body of knowledge, like Western civilization, and that intellectual abilities, social and leadership skills, and values have been submerged by the drive toward professionalization and specialization. Before I go on to what individuals and society need — the new economy — are there any questions? Is my characterization too harsh?

Robert M. Gavin, Jr., President-elect of Macalester College: It's true that the description in the college catalogue is usually the reverse of what appears on the bar chart. But if we want to talk about quantifying, it doesn't make much sense to have a bar graph that mixes knowledge in specific fields

in with things like values and social skills, because these things have a quite different time scale in the educational process than specific-field knowledge.

It may indeed be true that if you give a test to someone to measure something, the tests usually reflect knowledge of specific fields, but that's just because people spend a lot less time trying to test things like intellectual abilities and social skills and values.

Mr. Edgerton: Alexander Astin of UCLA, in his annual survey of college freshmen, asks questions along these lines, and he gets a bar graph that's even more sharply skewed to specific knowledge and general knowledge. They say they're learning much less in terms of particular intellectual abilities or things that you might characterize as leadership and character development. I would argue that if you ask about the expectations that faculty hold for their students, what do they test for, you find that they test for specific knowledge and sometimes general knowledge.

Now, if you ask faculty, aren't you interested in analysis and problem-solving and communications skills and so on, they'll say, Oh, yes, and they will confirm that that's going on in the classroom. But then if you say, How exactly do you do that? Do you give an examination in which you test for these abilities in your students? If you ask these questions, you'll find that very few examinations are in any explicit and self-conscious way designed to test for intellectual abilities as contrasted with knowledge of a field.

Richard E. Rosser, President of DePauw University: I think another thing to ask is, twenty years after they graduate, what has been the real impact? I suspect on that basis we're closer to what our catalogues say, because twenty years from now if you examine graduates, their specific knowledge and even general knowledge will be much less, but there may be discernible impact in terms of values and social skills and general intellectual ability. That may be the thing we need to examine, and it's also one of the most difficult to ascertain.

Mr. Edgerton: Well, if it happens as a by-product or serendipitous part of the culture of the institution, we're lucky, and we hope that's the case. We should be open to the proposition that it ought to be more intentional, and that if it were made more intentional, that we would increase the potency of our institution. For example, if you read Peters and Waterman, *In Search of Excellence*, their description of the characteristics of an excellent institution includes the notion that the institution gives consistent signals about the kind of priorities that are really important. Now if we had a consistent set of signals about ability development — the range of abilities which we'd all agree are those most important for life success — as the express agenda of the institution, would it not be the case that students who now say to themselves, "I'm not prepared for anything, I'm a history major, and I don't know what to do," would instead say, "I've got problem-solving ability, analytical capability, communications skill, values, capacities — I can do everything!"

James R. Madison, trustee of Antioch University: Looking at your bar chart, and your previous slides, it strikes me that the exit interview or the exit examinations of the students in the past might have reflected a similar concern with field and content, say of Latin, at the expense of general abilities and values.

Mr. Edgerton: That's a very good point. I'm no educational historian, but from the reading I've done I'd say there was an explicit consciousness about something they called mental discipline that was different from simple subject matter retention.

Let me leave this and shift to the new economy. It seems to me that there are three fundamentally new conditions. One is that we are in an economy which is driven by an accelerating impact of science and technology. The world-wide R & D enterprise is now about $150 billion, employing about three million scientists and engineers. Of all the scientists and engineers who ever lived and worked, 80 to 90% are now living and working. That's not as amazing as it sounds, because scientists and engineers grow exponentially relative to the rest of society, and the same statement has been true for the last two or three hundred years, ever since we've really had a science and engineering work force. But what's really new and different is the built-in dynamic which this group of people now bring to our affairs. Yesterday the computer, today telecommunications, tomorrow genetic engineering. I read recently that Japan was thinking of bringing robots into the fast food industry. Can you imagine what would happen in this country to teen-age employment if we robotized all the fast food franchises?

It used to be that all the telecommunications technologies were partitioned neatly in terms both of their technology and their use. Telephones were for conversations, television was for news and entertainment, and so on. Now, due to the revolutions in digital electronics, they're all scrambled up into one grand system. But we haven't seen anything yet, until we get to what's coming in the genetic revolution. We are breeding plants that will grow in deserts, we're building hormones that will make cows grow faster and produce more milk, and we're moving up on the question of how much of ourselves we want to replace through genetic manipulation.

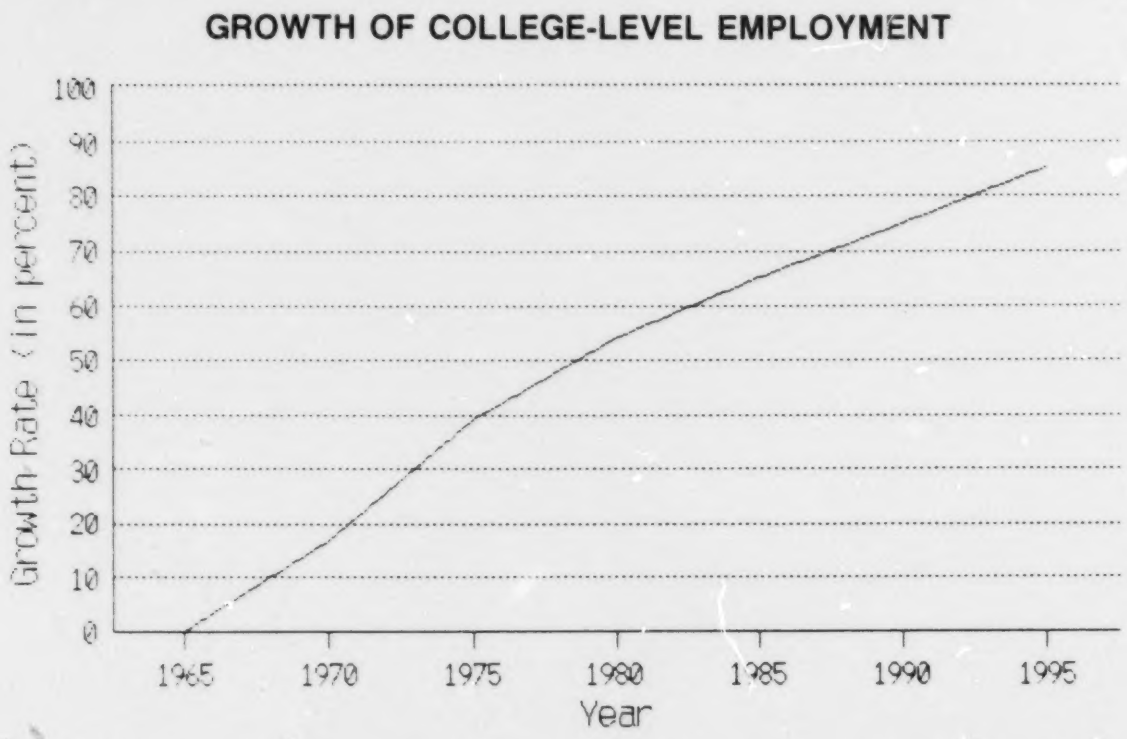
But the really important thing is Alvin Toffler's point — not the direction of change, but the pace of change. The Industrial Revolution brought society a sense of hurry that was never there before in human history, and we are now in a new revolution in which the pace of change is absolutely fantastic. I think that has a lot to do with the mission and future of the liberal arts college.

The second new condition is vulnerability to the global economy. OPEC really signaled the end of the postwar era; import-and-export patterns are very different in the 1980s from back in 1970, and because of this we are on a productivity treadmill. If you are in a sheltered business, like cutting hair, if productivity slumps, people may have to pay more money for a haircut, but the business itself doesn't get taken away, except by somebody else down the road. It's still part of the American economy. If you have a business exposed to foreign competition and productivity slumps, you lose the business itself. And recent estimates are that something like 70% of our economy is no longer sheltered. Because it's exposed to foreign competition, we have to keep up productivity not only to compete among ourselves but with producers in other countries who are also racing to keep up productivity.

Thus, we are on a treadmill that is moving faster and faster. There are even some arenas of competition in the world which we can no longer enter, in the face of the low wage base of other countries. Because of these conditions we are searching for new ways to earn our national living. We are moving from whole industries in which we no longer can compete up into arenas of competition where we stand a better chance. A real strategic question for America is, what are our natural competitive advantages? The answer we hear more and more is the combination of our skilled labor and production flexibility and our entrepreneurism and dynamism that help us to keep moving into new markets.

Finally, there is the new shape and composition of the work force: the baby-boom-and-bust phenomenon, the minority-youth phenomenon, and the aging-society phenomenon. The vanguard baby boomer is now thirty-eight years old, and the competition for mid-career jobs is very intense. Also, this is the most educated work force in American history, and the management literature is now more and more stressing the fact that these people can't be managed as they used to be. A new study by the Public Agenda Foundation on the work ethic concludes that the work ethic is alive and well. The problem is a commitment gap. Managers don't know how to elicit from the educated work force the kind of commitment needed to increase productivity.

That's the landscape. What do these conditions imply for us? The first question we need to ask is: will there be jobs? I think the impression up until very recently has been largely negative, a drumbeat of unemployment statistics that have made us fairly down about the dynamism of our economy.

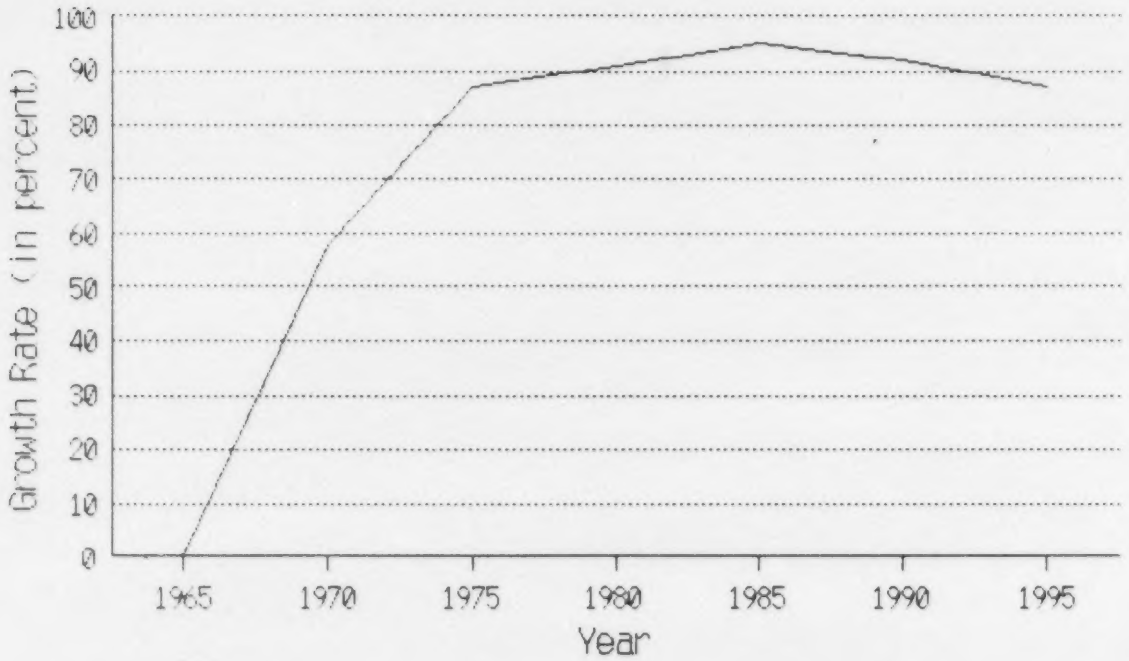


But nobody issues monthly reports on the rate of new job formation. The rate of new job formation for the last thirty years has been absolutely striking. We created 28 million new jobs in the '50s, 24 million in the '60s, 22 million in the '70s, and the projections are that we will continue to create new jobs in the future. This data came out of the recent summit meeting in west Europe, where the Europeans were asking, How do you do it? What's the American secret? The secret, the pearl in the oyster for us, is entrepreneurial-minded managers. If I were arguing the benefits of a liberal arts education in the light of this economy, I would stress that the dynamisn of the American economy depends not only on the skill level of the work force but on the kind of enterprising, productive managers who create new jobs. New studies at M.I.T. on who does the job-creating tasks indicate that about the time John Galbraith came out with *The New Industrial State* was about the last time that his thesis made sense. Today it's not the Fortune 500 companies that are creating the new jobs, it's the many small firms all over the country. They are the really dynamic force in the economy.

Will there be "college type" jobs? If we look at the chart showing conventionally defined categories of college-type employment, that is, the professional-technical-managerial category of the work force, we see that there's been a steady and impressive increase in the growth level. The problem is that the supply of college graduates is also growing dramatically. What happened earlier was that while the rate of new-job creation for college graduates grew, the supply of graduates grew even faster. In the '70s, the civilian work force grew by 38%, while the college-educated work force grew by 85%. Now as we look to the future, again within the conventionally defined framework of college-type jobs, we see a continued growth in the jobs and perhaps an easing of the pressure because of the baby bust,

with fewer students coming out of our institutions. Most people think that the rate of increase of women entering the labor force can't stay where it has been, so there may be some relaxing of the pressure for entry-level work, and therefore some relaxing of the intense vocationalism that some of our colleges have faced in the last fifteen years. It seems to me that students have always seen college in career terms, but in the '60s they could be relaxed about it, because it didn't matter what you studied, there were lots of jobs when you got out. Under the pressure of the economy of the '70s and '80s, that's changed. The students haven't changed; the situation changed.

GROWTH OF COLLEGE GRADUATES



But what *kind* of students do we need? Here we come to the image of the last year or so that the economy of the future needs above all technicians and specialists, computer scientists and so on. As "Twenty Fastest Growing Occupations" shows, it's true that the rate of growth is very important in the high-technology occupations. We often hear about this from the press. But what we hear less often is that the growth in these occupations derives from a very small base. The lists of "Twenty Occupations With Largest Job Growth" is very different. There's very little overlap between the two lists. Only when you extend the list of "Largest Job Growth" to a second twenty do you get some noticeable overlap, and it still isn't all that much.

Now let's look at the chart on "High Technology Jobs." There are three ways in which we can talk about high-technology jobs. We can talk about the proportion of technology-oriented workers to the average for all of industry, and in that definition, from the present through 1995, you might classify 16% to 17% of new jobs as high-technology jobs. If you use a definition based on Research and Development expenditures, only 3% to 4% of new jobs are high-tech. If you combine the definitions, as the Labor Department has done, for the last series of projections, there's a middle ground of 8% to 9%. But the reality is that out of 23.4 to 28.6 million new jobs, in the next 10-12-15-year period, a million to 4.6 million would be in high-tech industries, which I think is less than most people get a sense of when they read the daily press.

TWENTY FASTEST GROWING OCCUPATIONS
1982-1995

Occupation	Percent Growth in Employment
Computer service technicians	96.8
Legal assistants	94.3
Computer systems analysts	85.3
Computer programmers	76.9
Computer operators	75.8
Office machine repairers	71.7
Physical therapy assistants	67.8
Electrical engineers	65.3
Civil engineering technicians	63.9
Peripheral EDP equipment operators	63.5
Insurance clerks, medical	62.2
Electrical and electronic technicians	60.7
Occupational therapists	59.8
Surveyor helpers	58.6
Credit clerks, banking and insurance	54.1
Physical therapists	53.6
Employment interviewers	52.5
Mechanical engineers	52.1
Mechanical engineering technicians	51.6
Compression and injection mold machine operators, plastics	50.3

Source: Monthly Labor Review, November 1983, "Occupational Employment Projections to 1995"

FIRST TWENTY OCCUPATIONS WITH LARGEST JOB GROWTH 1982-1995

Occupation	Change in Total Employment (in thousands)	Percent of Total Job Growth
Building custodians	779	3.0
Cashiers	744	2.9
Secretaries	719	2.8
General clerks, office	696	2.7
Salesclerks	685	2.7
Nurses, registered	642	2.5
Waiters and waitresses	562	2.2
Teachers, kindergarten and elementary	511	2.0
Truckdrivers	425	1.7
Nursing aides and orderlies	423	1.7
Sales representatives, technical	385	1.5
Accountants and auditors	344	1.3
Automotive mechanics	324	1.3
Supervisors of blue-collar workers	319	1.2
Kitchen helpers	305	1.2
Guards and doorkeepers	300	1.2
Food preparation and service workers, fast food restaurants	297	1.2
Managers, store	292	1.1
Carpenters	247	1.0
Electrical and electronic technicians	222	.9

SECOND TWENTY OCCUPATIONS WITH LARGEST JOB GROWTH 1982-1995

Occupation	Change in Total Employment (in thousands)	Percent of Total Job Growth
Licensed practical nurses	220	.9
Computer systems analysts	217	.8
Electrical engineers	209	.8
Computer programmers	205	.8
Maintenance repairers, general utility	193	.8
Helpers, trades	190	.7
Receptionists	189	.7
Electricians	173	.7
Physicians	163	.7
Clerical supervisors	162	.6
Computer operators	160	.6
Sales representatives, nontechnical	160	.6
Lawyers	159	.6
Stock clerks, stockroom and warehouse	156	.6
Typists	155	.6
Delivery and route workers	153	.6
Bookkeepers, hand	152	.6
Cooks, restaurants	149	.6
Bank tellers	142	.6
Cooks, short order, specialty and fast food	141	.6

How does this translate into college-educated workers entering the high-technology industries? If you look at the "Projected 1982-95 Growth in Technology-Oriented Occupations," you'll see the projected growth for all groups, then the professional category of the work force, and finally within the professional category the group of technology-oriented workers — engineers, life scientists, physical scientists, mathematicians, and other technicians and specialists whose job categories require postsecondary education (as distinct from people like computer programmers who are simply technicians). Next, you will see that the category of "College Educated High Technology Workers" is projected to grow rapidly, to expand by about 1.5 million new jobs. That's about 6% of all new jobs, which is an impressive growth but still probably a smaller proportion than most of us have been led to imagine.

One of the hardest things to find in the literature about the changing economy is the perspective of an educator. People write from either an economic perspective or a management perspective. We hear what's happening with management organizations, but very little about the educational implications. What I did in this next chart, "Regaining Our Competitive Edge," is to take the framework from several management books and the Public Agenda study on the work ethic, and create an image of the kind of work organization that lies already with the implied thesis for educational planning. The thesis is that we are moving from an era of high volume production of standardized goods into an era where skilled labor and a flexible work force give us our competitive advantage, in custom-tailored products, precision engineering products, high-technology products. From static markets we move to fluid markets, from hierarchical organizations based on the old scientific management principles to versatile organizations based on principles of open management.

We used to have the three classic principles of Frederick W. Taylor, specialization of tasks, predetermined operating procedures, and management separated and layered from workers. These were the expression of the managerial imagination of the industrial era, and the basis for our success — our extraordinary success. But if you look at the kind of work, the nature of work and the nature of workers in the newer, more versatile organization, you get a very different kind of feeling about what's needed in the organization of work.

We go from routine work to changing work, from low discretion jobs to high discretion jobs, from unskilled and semi-skilled labor to technically skilled labor, from individual performance to team performance. All of that has some very significant things to suggest, it seems to me, about the kind of people that the economy will need in the future.

So let's look at the chart citing the characteristics of professionals and managers in the new organizations. This shows the need to move from managing to innovating, from specializing to integrating, from ordering to collaborating. We need, in short, people who can take the initiative, be creative, anticipate problems to be solved, people who can move an entire organization to a new product line by crossing the boundaries and moving across functions, and especially people who have collaborative skills, in leading, persuading, working with teams, and so on.

Well, where does all this leave us? I think it leaves us with three fundamental propositions, propositions highly relevant to the future of liberal arts colleges.

The first is that specialists are important but not as important as we popularly assume. The need is exaggerated. There are not too many areas where our economic growth is limited for lack of specialized talent.

The second is that there is a growing need for generalists, but not the generalists of old. Not individuals who "know" everything, a la the Renaissance person. Rather, it is a need for generalists who have the kind of traits we have let slip away from the agenda of education — individuals who are intellectually able to learn new things, to identify and solve problems; individuals who can lead others in task-oriented situations; and individuals with initiative and character.

The third is that people with these characteristics are needed *throughout* our organizations, not just at the top. The entrepreneurs of the industrial era were the hard-driving leaders at the top. But Rosabeth Kantor now talks about the quiet entrepreneurism of the mid-managers. Robert Reich talks about flexible workers as the key to organizational versatility.

HIGH TECHNOLOGY JOBS
1982-1995

Defining Criteria:

#1:	Technology-oriented workers 1½ times average for all industries (48 industries)	16–17% of new jobs
#2:	Research and development expenditures to net sales twice the average for all industries (6 industries)	3– 4% of new jobs
#3:	Combination (28 industries)	8– 9% of new jobs

Outlook:

—Out of 23.4–28.6 million new jobs, 1.0 to 4.6 million in high technology industries

Source: *Monthly Labor Review*, November 1983, "High Technology Today and Tomorrow: A Small Slice of the Employment Pie"

PROJECTED 1982-95 GROWTH IN TECHNOLOGY-ORIENTED OCCUPATIONS (IN THOUSANDS)

Occupational Group	Employment 1982	Employment 1995	Change 1982-95 Number	Change 1982-95 Percent
All Occupations	101510	127110	26600	25.2
Professional	16584	21775	5191	31.3
Tech. Oriented	3287	4795	1508	45.9

Source: *Monthly Labor Review*, November 1983, "High Technology Today and Tomorrow: A Small Slice of the Employment Pie"

DEMAND FOR COLLEGE EDUCATED HIGH TECHNOLOGY WORKERS

Includes:

Engineers, life and physical scientists, mathematical specialists, engineering and science technicians, computer specialists

Work:

Involves in-depth knowledge of principles of science, engineering, and mathematics underlying technology. (As distinct from computer operators or service technicians.)

Growth rate nearly double average.
1.5 to 1.6 million new jobs.
6% of all new jobs.

Source: *Monthly Labor Review*, November 1983, "High Technology Today and Tomorrow: A Small Slice of the Employment Pie"

REGAINING OUR COMPETITIVE EDGE

	INDUSTRIAL ERA	NEW ERA
TASK	High Volume Production of Standardized Goods	Flexible Production Based on Skilled Labor
	Static Markets	Fluid Markets
ORGANIZATION	Hierarchical Organization; Principles of Scientific Management	Versatile Organization; Principles of Open Management
	1. Specialization to Simplest Task	1. Broad Job Charters
	2. Predetermined Operating Procedures	2. Flexible Procedures
	3. Management Separated & Layered	3. Cooperative Problem-Solving; Fluid Boundaries
WORK	Routine Work	Changing Work
	Low Discretion	High Discretion
	Unskilled, Semi-Skilled	Technically Skilled
	Individual Performance	Team Performance

TASKS/CAPACITIES OF PROFESSIONALS AND MANAGERS

Old Economy	New Economy
I. Managing	I. Innovating —initiate, take risks —be creative, anticipate problems to be solved —persist
II. Specializing	II. Integrating —see problems "whole" —sensitivity to external environment —cross boundaries organizational specialities cultures
III. Ordering	III. Collaborating —lead, persuade, negotiate —work with teams —elicit commitment from others

Now let's return to our original concern for excellence. The first question a trustee should ask about his or her college is, what's really important?

As I stated at the outset, many of our faculty are in the transfer-of-information business. In the hands of our better teachers, more is happening: students are acquiring knowledge and understanding as well. But our graduates cannot live on knowledge alone, nor I suspect can our liberal arts colleges survive if they are solely in the information/knowledge-transmission business. More and more people are going to acquire information and knowledge on their own, via home computers and other sources.

Our comparative advantage lies with the classic function of teaching intellectual abilities and character — the kind of teaching that requires *real encounters* with excellent teachers. So, if you wanted to play a role in the academic life of your college, what questions would you ask?

I'd start, perhaps first, with the question, what do we mean by breadth? We know that to get jobs and go to graduate school, our students need to specialize. We know what assembly lines of courses they should take to master the specialized knowledge necessary for entry into various careers and fields. But beyond offering these kinds of courses, what do we want to achieve? The defining characteristic of a liberal arts college is that something else is going on. What is it? What do we mean by turning out more "well-rounded" students?

You have my biases on this topic. I think we have gotten ourselves locked into a view that certain bodies of knowledge are indispensable. But if you believe, as I do, that the heart of the matter lies in the abilities acquired in the course of studying things, you can relax about what subjects are used

as vehicles for this teaching. Clearly it's important to introduce students to the three great intellectual traditions — the natural sciences, the social sciences, and the arts and humanities — because different abilities are learned while studying these broad fields. But it's hard to argue that any particular subject is essential. I'd fight for requiring something in the humanities, but I wouldn't go down fighting for Shakespeare.

Second, I'd ask why students have to take general/liberal education subjects before they can specialize. We have constructed an assembly line based on the knowledge sequences of the hard sciences: You'd better take algebra and trig before trying calculus. But much of the body of knowledge we wish to pass on isn't hierarchically organized, and there is no valid reason why students have to suffer through a watered-down introductory course before getting to the meat.

THE NEXT QUARTER CENTURY

Liberal Education	→	Liberating Education
Academic/social elite, traditional age		Ordinary people, including adults
Transmitting culture		Preparing for the future
General/liberal learning precedes specialization		General/liberal learning grows out of specialization
Essential content		Relative content
Abilities as by-product		Abilities as "dual curriculum"
Leadership through serendipity		Leadership consciously developed

More to the point, our students are interested in practical and career-relevant courses. So why not let them pursue their interests, and let the broadening experience grow out of that? Let the experience be one of broadening out from a specialty. I'd add here that the difference between liberal and vocational education lies not only in the nature of the subject, but the attitude by which a subject is taught. If, in a course in auto repair, the conversation turns to the invention of the internal combustion engine, and moves on from there to the role of the automobile in American life, that certainly is a liberal education. Conversely, a sociology course can be taught as a vocational course, the vocation being to become a sociology professor.

Third, I'd ask what the college commitment is to the teaching of abilities, and how this commitment can be strengthened. More and more colleges are realizing that explicit attention to writing must be the business, not just of the English department, but of all departments. Writing must be taught "across the curriculum." How about other abilities? Why cannot we give similar attention to speaking? Critical thinking? Creative problem-solving?

At one college I'm fond of, students are introduced to this "agenda of abilities" at the very outset, and tested for acquiring these abilities all along the way. Take speaking as an example. During the orientation, they are asked to give a three-minute speech on why they want to go to this college. The speech is video-taped, and from that point forward they have their own video-tape like their own text book. At various points through the year, in various classes, their performances will be video-taped, in sequence. You can go to this college, take a video-tape from the shelf, and watch a student grow before your eyes. It's a thrill to watch.

Fourth, I'd ask questions about the commitment to leadership and character development. Leadership of course is a many-faceted thing, and is developed throughout the college experience. The dimension we've especially lost is leadership with a small "l" — social skills in leading groups and taking charge. I'd ask how many of your students participate in what kind of campus activities, and whether more can be done. And I'd ask whether more teaching can be done through collaborative groups, so more students can learn what it means to solve intellectual problems while working with others.

Let me, in sum, show you a final chart, which highlights some of the directions we might move in to keep pace with our fast-moving society. We should consider whether and how to move:

— from a view of our role as passing on a particular body of knowledge to liberating our students by giving them the abilities essential for dealing with the future;

— from serving the elite and 18-year-olds to serving ordinary people, including adults;

— from a model in which general/liberal learning precedes specialization to a model in which general/liberal learning grows out of specialization;

— from a view that certain content is essential to a view that content is relative to who the students are and what they are preparing to be;

— from a situation in which abilities are developed as a by-product to a situation in which abilities are self-consciously taught and assessed;

— from a situation in which some students acquire leadership skills serendipitously to a situation in which leadership skills are expected of all, and explicitly developed as part of a self-conscious strategy.

Thanks for your thoughtful attention.

Discussion

William Caples, trustee and former president of Kenyon College: I have one question, on what you said about any particular subject not being essential. I remember back in the sixties when you could go through college and come out knowing nothing but one subject, and I don't think that was good, but how do you assure an adequate breadth to a student's curriculum?

Mr. Edgerton: I think that it's very important to introduce students to a variety of modes of inquiry and types of subjects. I think it can be argued that there's something about the social sciences and something about the natural sciences and something about humanities, for example, that's intrinsically important and that's different. But it seems to me that there's less of an argument for political science against sociology or one kind of history against another kind of history, which I think are the arguments you often hear from faculty as you face retrenchment. I was at a college about three weeks ago where nineteen department chairs were all claiming to be absolutely essential to the mission of the institution. I think that that kind of view is not only based on the career agendas of the faculty, but it grows out of the kind of tradition which I took note of, a tradition that perhaps should not go unexamined. It seems to me that we can combine things in lots of different ways.

Question: How can we fix existing faculty to these new demands in subject matter?

Mr. Edgerton: The exciting potential of focusing on abilities is that you can combine faculty in new and different ways. The philosophy faculty know a lot about analytical ability — and they can teach analytical ability under a variety of new subject heads, even though that's not the way that the philosopher necessarily thinks of himself or herself.

Question: I wasn't clear on how you respond to the idea that the student should start with general education to identify his or her interests and strengths and then specialize?

Mr. Edgerton: My point was that if we're moving into a market in which there are a lot of vocational and specialized interests, there's a way to think about those interests and conceptualize our programming to respond to them. It's certainly true that a lot of students come to college not knowing what they want to do, and it's a very legitimate thing to sort of wander around in some general courses before making decisions on majors and so forth.

Dave Warren, do you want to take a minute and tell us about what you're doing at your institution, which I think is very responsive to some of the questions that I've raised?

David Warren, President of Ohio Wesleyan: We started with the simple proposition that a liberal arts education ought to equip our graduates to deal with the great issues in our culture. We've all made our own lists, but at the moment the great issues certainly include the bomb, the intervention of technology in our lives, the question of the ecology, and poverty, illiteracy, etc. We're selecting one theme and we're going to deal with it over the course of a single year. We're going to integrate the curriculum around it. Next year we will have 15 courses that will focus on the question of the bomb. We will bring about 25 speakers to campus, one a week. We will bring ordinary people in through the Rotarians and the Kiwanis and area alumni who will have the same reading list that our students have and will join the discussion each week.

We are going to tell our students, "You have to think one of these great questions through during the four years that you're here, and you have to do what we're calling an educational project. You can do a videotape or a film or an essay or you can do a piece of sculpture or you can write a dramatic piece. But what you're going to have to do is integrate your values, your knowledge, and your skills. We're going to inundate you with a lot of knowledge, through these outside speakers, and we're also going to bring about nine of our faculty together to help you do independent research and think collectively and cooperatively for eight of the nine months. And the ninth month you're going to have to spin off and do your own piece."

My sense is that this is an opportunity to bring our faculty out of their disciplinary isolation and into a common conversation, on a topic that will run from September through April. And we're going to bring our students out of their own residential and major isolation into a common topic, and the students can take any of a dozen courses, credit courses. They can enroll in the visiting speakers' program for the entire year, and they'll be examined on the content of that. They can do independent research projects which will be a prerequisite for graduation, or they can simply be exposed during the course of the year to visiting speakers who form a symposium at the end which will bring the best and brightest back to the campus for two days in a kind of summing-up. And that's when our students will bring their educational projects in, their videotapes and essays.

Now the notion here that we've lost, I think in the last ten or twenty years, is that there ought to be at least one topic that draws us all together for discussion. I think at Ohio Wesleyan we're headed in that direction, and we're excited about the possibilities.

Kathryn Mohrman, trustee of Grinnell College: It seems to me that the kind of issues you're raising about the difference between a liberal education and a liberating education, about developing character and leadership in our institutions, suggest some non-economic consequences as well as economic ones. Do you agree?

Mr. Edgerton: Yes, I do. When I worry about the world, I really worry less about the economy than I do about the kind of society we have and are going to have. It seems to me that as you look at our changing society, the things that are happening, like the shift from print to electronic communication, it seems to me that with the rise of technology more and more decisions are becoming public decisions rather than private decisions. We're living in more congested ways, and we communicate more frequently with each other, and the technologies, from drugs to weapons, are more and more

awesome, with ever wider consequences. Thus we have more and more significant decisions of a public character, which means more and more need for humanely educated citizenry.

It troubles me that the common carrier of our culture today is not colleges but television. Fewer and fewer people understand an allusion to Cassandra, or to Pandora's box, but when Walter Mondale says, "Where's the beef?" everybody knows what he means — except me (I don't watch TV).

MICHAEL O'KEEFE: "WHAT DO WE DO ON MONDAY MORNING?"

Introduction by Jon Fuller, president, Great Lakes Colleges Association:

The planning committee thought that at this point we needed to begin to ask just how we go about dealing with the issues raised, the roles that trustees and presidents must play, and the roles that faculty and students play in our institutions. To help us focus on that, we've invited Michael O'Keefe, whose professional career has been devoted to dealing with planning and policy analysis. He has held positions of major responsibility dealing with those functions in the academic world at the University of Illinois, in the federal government as Deputy Assistant Secretary of Education for Planning and Evaluation, and at the Carnegie Foundation for the Advancement of Teaching, where he directed a number of important studies including a very significant and widely talked-about one on the American high school.

A year ago he was asked to come to a newly created organization, the Consortium for the Advancement of Private Higher Education (CAPHE), of interest to all of us because he has money to give away, so I'm sure you'll appreciate the chance to get to know Mike better. One of the ways in which the Consortium is hoping to help institutions is to assist them in dealing with the planning questions which colleges need to face. Today his topic, very appropriately for this point in our agenda, is "What Do We Do on Monday Morning?"

Mr. O'Keefe: Thank you for the opportunity to address this group of distinguished presidents and trustees. The issues you are addressing are, I believe, central for most private colleges and universities in this country. Previous speakers have analyzed many of these issues. My task is to draw the discussion together, quite a challenge, since the issues themselves are complex, the points of view diverse, and your individual institutional settings so different.

My title, "What Do We Do on Monday Morning?" is borrowed from Ernest Boyer of the Carnegie Foundation. It is intended to emphasize the practical: "After all our discussion about the curriculum, about academic programs, about higher education in general, what on earth do we actually do when we get back to the office?" This is the perspective I will take, beginning with a few of my own observations on points earlier speakers made.

First, no one can deny that all of higher education faces real challenges. This is particularly true for private higher education, especially liberal arts colleges located in states with demographics such as our first speaker described. However, I would agree that the danger facing your institutions is not closure because of sharp declines in enrollment. As selective and prestigious institutions, you should find student demand remaining high. Rather, what should concern you is the slow erosion of quality in the education you provide brought on by financial and enrollment pressures. You should worry most about this danger because quality is the most precious commodity your institutions possess. The position you occupy in American higher education, particularly within private higher education, places you at a very unique intersection. You are committed first and foremost to quality in teaching and learning, a commitment evident in your selection processes, in where your graduates go, what they do, and how successful they become. Yours are not institutions with large research programs. Thus, you do not face the internal conflict between the values of scholarship and those of instruction that afflict the large research universities. You are committed to the liberal arts. You are committed to maintaining quality in teaching.

The temptation that threatens all corners of higher education, but again especially the private sector, is the pell-mell rush to become market-sensitive, to try to discover what it is students want, what parents who pay the bills want, and then to provide whatever that is by adding programs, creating evening colleges, doing whatever needs to be done to maintain enrollment. My concern about this temp-

tation is heightened by planning I have done for my own organization over the last six or eight months. Many private institutions have already fragmented themselves into a cafeteria of programs designed for every conceivable subsector of the student population of their region. In the process, many are losing their sense of identity. A decade from now, one imagines, someone will ask the president what it is for which the institution stands, and the answer will be: "Everything but nothing."

However, I also agree with Russell Edgerton that there is the opposite danger of a refusal to face change and thus retreat back to a liberal arts program that was relevant decades ago but has lost much of its power for today's students. Many will argue to maintain the curriculum as it has always been even if society is changing. This response will be just as inadequate to the challenges as one that is overly eager to throw away the old and adopt the new. Salvation, as is often the case, will be found in the middle.

Those colleges that will genuinely flourish during the next decade or two, educationally as well as financially, are those that actively engage the future and deal with the issues being discussed today within the values and traditions represented by the liberal arts. This will entail careful planning, a process of identifying the problems, understanding what and who you are, and combining both those understandings in realistic strategies for the future. Planning requires a cold understanding of what impends combined with a knowledge of your resources, your strengths, weaknesses, and values. It entails developing alternative strategies to deal with the combination of the problems that are threatening and your strengths and weaknesses in relation to them. This is the essence of planning, whatever the particular approach you use. There are numerous "brand-name" approaches to strategic planning, from the vast quantitative and mechanistic efforts appropriate at a large state university, to the planning of a very small college, most of which goes on inside the head of the president. The important element is not the process but the product: a better understanding of the environment and the institution and a strategy to deal with the problems you face.

I am convinced that those institutions that plan most effectively are most likely to thrive in the coming years. A corollary is that those institutions that do not plan, that hide their heads in the sand and hope the problems will wash past, will find themselves in serious trouble. They will be the institutions that suffer most in this next decade.

We have already discussed changes in demographics, the nature of the job market, and what young people want. But we should also consider the internal environment. This includes your institution's resources, financial resources as well as physical resources such as the physical plant, the equipment in the laboratories, the library. More important than these physical resources, however, are the "people resources," your faculty. Sound planning for the future will require you as leaders to understand both the internal and external environments and determine how they will intersect in the decade to come. This can only be done well if a third consideration is present: a clear sense of your mission. Combine your mission, the goals you seek to achieve for your students, with the resources you can marshal and the outside environment. Then and only then can you clarify the means by which you will achieve your mission within the resources in the context of a changing outside environment. This, in its essence, is what planning is about.

Thus, a first step on Monday morning will be to ask, " What is happening to our student body? Where are our students coming from? From what sub-groups within the population?" In answering these questions, you should concern yourself with what is happening, not just with the whole 18-year-old population in the United States, or even in the state of Michigan or the state of Ohio, but specifically with those young people who are actually interested in your college.

Of as much importance as where your student comes from is the issue of retention. What portion of your students remain for the four years? For those who do not persist, why not? There may be reasons that will highlight a deficiency you need to address. There is a sure way to find out what your students think of their college. Find out what your freshmen tell their friends when they go home at

Christmas vacation. The most important process in the student marketplace is that grapevine from your freshmen back to those still in high school and their counselors. We have all witnessed fads in which a certain college becomes "the" place to apply for students at a given high school. This happens mostly because of this feedback to the high school from its graduates.

It is also critical to look at the far side of your students' experiences at your institution. Trustees in particular should ask where the graduates of the institution go, what kinds of jobs they find, and what graduate or professional schools they attend. Your graduates' next step is a good indicator of how well you are preparing them. It can also be eye-opening to discover what the people who deal with them on the job or in graduate school think of them. How respected are your graduates? For what qualities?

What do they think of your graduates?

Someone remarked earlier that we must wait 20 years to fully evaluate what we do. Yes, in some ways this is so. From another perspective, however, this begs the question. You **can** get valuable feedback much earlier by asking the people who are hiring your graduates what they think of them.

You should also candidly ask what the enrollment picture **really** looks like over the next five years. In planning for our own program, I queried numerous college presidents for their thoughts on what CAPHE should do. My board is particularly interested in supporting strategic planning, so one of the questions I put to presidents was, "Do you need support to do strategic planning?" Perhaps nine out of ten indicated that they did not need support for planning since their planning was already done. Rather, they would prefer money to improve the library, to buy computers, or to increase the endowment. After numerous responses in this vein, I became suspicious and began to ask other questions. One was, "Where are your enrollments heading over the next ten years?" The vast majority of presidents told me that **their** institution intends to maintain level enrollments. In the light of the well-known demographics, this is amazing. If everyone I talked to is right, there must be some secret source of students that demographers have not yet recognized.

Obviously, it is unwise for a president to play Cassandra very much. But the need for an upbeat attitude should not preclude careful strategies about alternative futures. Trustees should carry the questioning further. "All right, we intend to keep enrollments level. That is sound leadership. But do you have a contingency plan just in case we are not successful? Is there an alternative strategy to deal with an enrollment decline, say at the rate of the 18-year-old population decline in our region?" As our first speaker urged, we need to take the most pessimistic possibility, plan for it, and then look forward to being pleasantly surprised.

We should also not be too glum about getting smaller if we must. The average size of the institutions that make up these two consortia is about 1,200. Consider that an institution of that size declines by 25 percent, the equivalent of two or three hundred students. There is no necessary reason that the quality of education must also deteriorate. I can easily find a private college in this country that enrolls "only" 900 students and yet provides a high-quality education. Smaller means smaller; it does not necessarily mean lower quality. You can be one-third or one-fourth smaller without diminished "quality" in the education you provide. Quantity will suffer to be sure. Perhaps the range of offerings must be narrower. But what you do teach can be just as excellent as it is today.

Realize, too, that unless some really tough luck hits you, the decline in enrollments is going to be slow and gradual. Colleges have probably 15 years to absorb a decline in the pool of 18-year-olds of twenty-five or thirty percent. For higher education as a whole, taking account of the continuing increase in the number of older students, the decline will be about twelve percent. On an annual basis, these decreases should be manageable through normal attrition and careful planning. It won't be easy, but it shouldn't be life-threatening for most institutions.

The decade ahead requires that trustees should ask a lot of questions, many on topics they probably avoided in the past. Assuredly, trustees do not try to administer the academic program of the

institution. However, they do need to begin to question what goes on at the heart of the institution in the curriculum and the classroom. The academic program, after all, is ultimately what really counts. Ironically, less worry about enrollments and more concern for the quality and uniqueness of teaching in your institution is probably the best way to maintain those enrollments. A unique liberal arts mission, pursued through excellent teaching, will keep your institution in high demand among students, parents, and employers.

Another topic trustees should bring up has been somewhat neglected so far in our discussion here: the faculty. What is the profile of faculty at your institution? What is the average age, level of tenure, part-time/full-time mix of faculty today and five and ten years out? By discipline? Are there subject areas in which course enrollments are falling but in which the number of tenured faculty is large? What is the age profile of faculty in such disciplines?

At the University of Illinois a few years ago, we did a study of what is known as "faculty flow and tenure." One department turned out to have 32 of 35 professors tenured, an average age of about 40, and enrollments dropping through the floor. This was a heavy load for an institution to carry, one that seriously burdens other departments. An institution such as the University of Illinois, enrolling 60,000-plus students, can reasonably absorb such inefficiency. But an analogous situation at a small private liberal arts college could be very serious. Many surplus faculty in a given department is not an easy issue to address, especially for a small institution. But it is one that both board members and presidents must face.

Beyond students and faculty, board members also should ask questions about the condition of the physical plant. Evidence suggests that the American higher education enterprise has one thing in common with our highways, bridges, and sewage systems: a growing need for substantial renovation or replacement. Deferred maintenance is a serious need in laboratory equipment, libraries, steam plants, electrical systems, air-conditioning and heating systems, and many other areas. Faced with inflation and tough budget decisions during the seventies, many administrators postponed painting buildings, repairing roofs, or putting in new sidewalks in order to increase faculty salaries. While logical at the time, this process becomes akin to giving blood. If repeated too often, the body becomes anemic and faint. On a campus, deterioration becomes serious and threatening.

Increasingly, board members will also need to be concerned with what is taught and how well it is taught. In our earlier discussion, I was gratified to hear an observation that what is in the catalogue sometimes does not coincide with what is found in the classroom. The problem goes far beyond the minor misrepresentation of specific courses. Rather, it can extend to a substantial inconsistency between what we represent as the ultimate result of a liberal arts education and what actually goes on inside many of our classrooms.

We should be concerned for two reasons. First, there is the educational reason. If we genuinely believe our own statements of mission, then should we not try as hard as we can to accomplish these missions? And should we not continually reflect on how well we are accomplishing our mission for our students? Alternatively, if we do not really believe in our rhetoric, we surely have an obligation to restate the mission to bring it into closer harmony with what we actually accomplish. The second reason we should be concerned is moral. When we ask a student to pay forty to fifty thousand dollars for the privilege of spending four years at our institution, are we not obligated to focus all our energies on making sure that we deliver what we have promised? And if we do not, are we not, in some sense, engaging in a form of fraud?

The causes of the American Revolution: $2 apiece?

Consider the issue from the point of view of the student as consumer. Suppose that he or she wants to learn the causes of the American Revolution. I suspect any historian, or for that matter any of us, given a little time, could prepare a passable fifty-minute lecture on the ten reasons for the American

Revolution. As a consumer, however, the student can "purchase" that lecture for widely varying prices. He or she can go to the public library and probably discover those ten reasons for nothing more than an investment of time, assuming he or she knows where to look. Or, the student can attend a community college, and learn those reasons for about $2, the average cost to the student per lecture in that setting. Or, alternatively, a state college or university will cost about $4 for that same lecture. The student will probably sit in a larger classroom, and learn from a research assistant or junior faculty member. But, whatever, he or she will learn those ten reasons reasonably adequately at relatively low cost. Finally, the student might choose to "buy" this information at the average private college or university. There, it will cost about $12, more than a dollar per reason. If he or she chooses one of the highest-cost and most prestigious private institutions in this country, it will cost even more, about $20 for the ten reasons.

This comparison raises a serious issue for those of us involved in the higher cost version of the American Revolution: are we selling our students only the ten reasons for the American Revolution? We certainly claim to provide something well beyond just those ten reasons. Parents and students certainly believe they are buying more when they purchase a college education at one of our colleges. Ask almost anyone what they want out of education. The answer will closely resemble the mission statements in most college catalogues: the skills necessary to be a creative thinker, to be able to analyze, to communicate, to argue an issue, to deal with problems. Ask parents what they think their children are getting out of education; they will give a similar answer.

Here is the rub. If you go into many classrooms, what do you find? You find that higher education is increasingly trying to force-feed more and more information into students. The ten reasons dominate and these skills that we advertise and that most students and parents expect get lost in a sea of information. The measure of the quality of what we do in American education has increasingly become the quantity of information imparted.

All sorts of things go amiss when our efforts are directed to making sure that the information content of the curriculum is "covered." For example, how many times in your own education did you take American history? Except for the professional American historians among us, we each probably took American history three times: in elementary school, in high school, and in college. How many times in the course of those three trips through the American historical scene did you study the Revolutionary War? All three times, of course. The Civil War? All three times. But how many times did you study the Second World War? I **never** studied it. Why? Because we always fell behind the schedule. May or June came along, and we had not yet finished the text book. The teacher invariably dealt with the problem as follows: "The test is next Monday, and I see we haven't finished the last six chapters covering World War I through the middle of the century. Everybody read those, please, over the weekend. Of course, there won't be any questions on them on the test." You know as well as I do how many students read those six chapters.

My point is that in education we have become increasingly concerned about packing in information, covering the material, to the detriment of those very skills that we claim to be the ultimate goal of a liberal education and that we sell to our students as the reason they should choose **our** kind of college.

A final issue is the quality of instruction. We all know that there are classrooms in which the teacher's performance is so poor that we should be embarrassed to charge students ten or twenty dollars for a single lecture. No one knows how extensive poor instruction is. It may only occur in five or ten percent of [illegible] classrooms. But even that is too much. And even if we do not know, our students do and they [illegible]iends know at Christmastime. The message they deliver will ultimately have serious effe[illegible]llege, most especially in the environment we face through this next decade.

[illegible] it may be, trustees increasingly must raise the question of the quality of instruction. The ch[illegible]nd quality of education, after all, are just as important as the financial health of the college. Admittedly, it is a difficult topic for trustees to raise. In the highly decentralized governance

structure of American higher education, the faculty are the decisionmakers in this area. What this means is that in addition to asking the questions, trustees must be prepared to support the president in efforts to address shortcomings in instruction and the curriculum.

In light of prospects for the coming decade, the most important task for American education to concern itself with is the content of what it does, why it does it, and how well it achieves the mission society has given it. The challenge is not simply to survive, but to thrive and to do an even better job of really living up to those noble mission statements to be found in every college catalogue.

This will require more than ordinary skill and courage. Rapid change in what society needs presents us with special challenges, especially when resources are level or even declining. We feel the pressure to respond at the very time at which the resources needed to respond are shrinking. It is easy when resources are expanding; nobody has to be cut back in order to add a new program. When resources are limited, however, it is much more difficult. But this is the challenge and the promise of the responsibilities we have accepted.

Discussion

Question: It seems to me that traditionally we have felt that some subjects, for example, at one time, Latin, were better than others at teaching values beyond the mere content of the curriculum. Do you agree?

Mr. O'Keefe: We know now that teaching Latin is an exceptionally good technique for teaching people Latin. It's not very good for teaching analytic thinking; there are better ways to teach analytic thinking. By now we've discovered a lot about how people learn and about what they learn. We used to assume that if we give them the content, they will pick up the analytic thinking, they will pick up the values, they will pick up all kinds of things. Well, what research has discovered is that if you want to teach those things, you've got to address yourself to actually teaching **those** things, not something else. It's a very simple-minded observation, which is often what comes out of research, but it seems firm, and we've got to accept it.

So I think the task is most exciting, and most important in terms of surviving and flourishing in the next decade. At the same time, you're vulnerable, and I think that's a good thing, because that means there are pressures forcing you to act, pressures that your faculty can observe and that will move them in ways that a decade ago or two decades ago would not have moved them.

David Marker, president of Cornell College: I'm not sure, but weren't you disagreeing with Russ Edgerton on the relative importance of subject matter in the curriculum?

Mr. O'Keefe: No, I wasn't disagreeing with Russ. I think we've got to think through what the outcomes are that we're really promising, that we think are important, and if we don't think they're important, then we ought to stop writing them in the front of the catalogue and write something else. If what we say is, we're going to train you to be independent analytic speakers who can communicate, who can analyze a problem, deal with a new situation, know how to find information relevant to that problem, know how to judge it and make a decision, then I think we ought to spend a reasonable amount of our time thinking out how we can do that.

Another finding that has come out of education R & D in the last decade or so has been a very clear understanding that you can't teach intellectual skills in the absence of subject matter. There was a movement back about ten years or so ago in competence-based education that thought you could, that there was something like reasoning or analytic skills that vaguely resembled symbolic logic and that you could teach in the abstract. But the current thinking in the field is that that turns out not

to be true. The way you learn to think, the way you learn to analyze, is through the subject matter, through the substance of what you are analyzing. My only point about Latin was that learning Latin conjugations (which we've discovered is the worst way to learn language, by the way) doesn't teach you anything about mathematical thinking. Or about decision-making. Or about how you gather information to make a decision, etcetera. The new program at Ohio Wesleyan that Dr. Warren described to us, about dealing with the bomb, dealing with some of the major issues that our society faces, that's the kind of approach that teaches you those things.

I think, though, that there was a tremendously controversial point in what Russ had to say, that is, that while there has to be subject matter, which of it is preserved in the curriculum and which isn't is less important today than it was before. If this room had been filled with faculty, I think Russ probably would have had trouble finishing.

John B. Davis, Jr., president of Macalester College: Mike, I like the idea of asking questions, and I suspect you would agree that presidents have been under that kind of interrogation. But I'd like to ask you, in an institution such as ours, with twenty-nine departments, from 70 to 200 faculty, plus a staff system which is also significantly supportive of what's going on in the college, could you describe how these questions are to be asked and what the time frame for asking them might be? You have thirty board members, they come together four times a year. Are you suggesting written interrogatories?

Mr O'Keefe: It seems to me that I were a board member in any institution in this country, that over a period of time — I don't think it needs to take place in one meeting or even in one year, but over a period of a couple of years — I would try to ask a set of questions about our students, about what they think about what they're getting, about where they're coming from, and then in the future-looking aspect of the students, where they're going to come from in the future. Similarly, I think at some point over that couple-of-year period of time I would want what would amount to an analysis of what the faculty looks like in its totality and in some of its detail, discipline-wise, and what issues the existing shape of the faculty raises for the institution, given the enrollment projections and financial projections. Maybe this is just my own predilection, but I would think that the presidents need to involve trustees in the discussions of how do we better relate this statement of mission that we think we're accomplishing with how we're actually organized in our academic programs. I think that's a set of questions that get very dicey. Taking those to the faculty and prodding the faculty to even address those questions can be very difficult, it can be very controversial, and above all, it can be terribly time-consuming. I mean, there is a rule of thumb in the academic world, if the trustees haven't learned it yet, that anything that takes a week elsewhere will probably take twenty weeks within the academic environment because of the committee structure, because of the careful analysis, and so forth. It seems to me, though, that what the obligation is for the president is to launch and push some of those efforts.

I think there are a variety of possible strategies. There are the strategies of the new president who comes in and has a sort of mission vision and sells it to the faculty in a blush of cordiality and everything else and then actually puts in place whatever he or she can. Or there is the slow process of just developing some connections between faculty across disciplines, of creating colleges within colleges, of getting outside speakers to come in and open up the environment of the college. There are a lot of strategies, and my concern as a trustee would be to say, "Where are we on this within our own institution? Are we fragmented and highly divided in disciplinary areas? Do we have a very information-heavy and profession-heavy curriculum? If so, where are the bright points that we can encourage and get some change going? Because my thesis would be that just as some percentage of individuals in a given faculty are going to be relatively poor teachers, you've got another percentage who are really dynamite, and who can be rewarded, who can be connected with each other, who can be given other resources, and I think those are the strategies that have to take place.

Now, the reason for the sequence of questions that I suggested is that the questions having to do with changing the direction of the academic engine, in any substantial way, and changing the quality of what goes on in the classroom, involve long term projects. On the other hand, one of the things that people often say is that we can't really evaluate teaching, we can't really make those kinds of decisions in a fair and equitable way.

I really think that is a red herring. I know we can't evaluate teaching in a highly objective, quantitative way, in the way we like to do things in our highly quantitative society. But the question of teacher evaluation and of differential pay based on performance is a very large question in public education today, and the big objection is always that you can't evaluate. Well, that is really wrong, unless we regard ourselves as incompetent, because I would allege that you could take twenty students and ask them who the best teachers are and who the worst teachers are and you would get 90% agreement. You take a teacher in a classroom and you send in ten different observers with ten different views of what good instruction is and I'll bet you nine of them will come out of there agreeing with each other about the quality of the instruction going on in that classroom.

In other words, it's like pornography, we know it when we see it, even if we can't quite define it in quantitative terms. I don't think that ought to stop us from trying to evaluate it. We can evaluate it. The kids know what's going on, they know who the lousy teachers are, and good Lord, you can walk in and see. And I think within the profession and within the institution itself, you can set up approaches that are equitable and acceptable. But you can't do that unless you set a value on teaching, and a high value.

So, John, I'm not sure I responded to your exact question, but you talked about time-frame and about the mechanism for the institution to interact with the trustees on these issues. I think the issues involve some analysis and information-gathering, which means staff. Action will be slow, because that's a very ponderous machine and a very decentralized enterprise that a president has to deal with. But if you don't start asking the questions, you don't start the process.

One of the marvels of American education is that because we've educated so many people, so many people are becoming critical of what we've done. They've got the brainpower to ask, "Does this make sense?" A lot of parents are asking, "Does it make sense to pay the cost of a luxury car four times, year after year, to send my kids to this kind of a college?"

And the challenge for you folks and for all private higher education is to say, "Yes, it definitely does, and here's why!"

If the "Here's why" is only pointing to that first page in the catalogue that says, see, here's our mission, and doesn't deal with the delivery of that mission we're going to be in trouble. Because the marketplace is eventually going to find it out.

Question: With our staff time already taken up, how are we to find staff to do the work involved in answering these questions, and how do we prevent the questioning from developing into the board's getting too involved in the operation of the institution?

Mr. O'Keefe: Those are two different questions. Yes, I'm asking, I suppose, for more staff time being put to some issues, because I think these are terribly important issues. If there are not resources to attend to them, A, the resources ought to be found, and I will invite a few of you to come and take some of my resources, or B, some other activities that are in fact being supported by existing resources need to be discontinued. Most institutions have an office of school-college relations, some kind of a unit that deals with who are the students and how do we deal with our feeder high schools, and so on. Maybe that's done in the admissions office or the student aid office in a smaller institution. But there are people who deal with students, and I think that's the appropriate place to extract some of the data about who the students are and where they're coming from and the like. I'm not saying that this doesn't take new resources, but I would say that it doesn't take dramatically larger resources.

Now, on the other question, about more active board involvement, you've led me gently toward a more dangerous part of the terrain there in terms of board involvement in the actual operation of the institution. Board committees often focus on some of these areas, either a long-range planning committee, or an academic program committee. I think there are only three warnings that have to be heeded: one is, even if a board member is deeply involved and sitting on committees and engaged in detailed conversation and analysis, he still cannot run the institution; the president still has to be the person who makes the decisions. Secondly, even a board committee that might meet six or eight times a year and talk about academic issues or faculty tenure and retirement problems can't do the analysis itself. You still need back-up and support. And the third warning is that the closer you get to academic policy, the closer you get to what goes on in the classroom, the more you seem to be intruding on the academic prerogative of the faculty, and the more difficult you make the internal politics of the organization.

This is a difficult area for a president or an academic vice-president or a dean, and it's going to be a very tough area for a trustee who is an attorney or a businessman and not a professional academic. I think you can ask the right kinds of questions, but I think you've got to ask those through the intermediary of your president and his staff.

Frederick Cox, president of the Gund Foundation: As a trustee of Case Western Reserve University, I'm accustomed to get firsthand information on what goes on in the classroom. We're invited to attend classes from time to time, which gives us a far better feel for what is really going on than we can get simply from second-hand reports.

Mr. O'Keefe: Remember, though, that the goal is to support the president in pursuing some objectives that the president and you, the board members, share. It's not to discover something the president hasn't told you, which might be the implication. If you think that's it, then you've got another problem on your hands, you've got to evaluate your chief executive and make a decision. If the president isn't telling you things that are important, you've got to find another president. That's all, in my judgement.

Lewis Salter, president of Wabash College: I want to support as enthusiastically as possible your general admonition to the trustees to ask questions. I guess I want to resist a little suggestion that the president is the focus or the intermediary. Let me move in a different direction and say that I think that at colleges like ours there's a tradition for perhaps informal contact between trustees and faculty, and trustees and students. But let's just take trustees and faculty, and I pay tribute to a colleague in the physics department at Wabash, from Antioch, where we were fellow members of the physics department. He was a younger colleague. I learned more from him because he kept asking me these awkward questions: What do you think your students get from the examination? Why do you do this the way you do? Why do you do that? It made me think very profoundly about the reasons for a lot of what I do. Now I can see the beneficial effects of corporate presidents or women or trustees of a quite different background asking faculty members just out of sheer curiosity, Why do you do the things you do? Most trustees can only give a limited amount of time on campus — they come only three times a year. How can we optimize the direct contact between those trustees and members of the faculty, members of the student body? I think that generating informal conversations is enormously productive at a college like Wabash.

William Birenbaum, president of Antioch College: I'd like to say one word in anticipation of this afternoon. There are a couple of questions that have not been addressed this morning or last night. They are central to many of the things we have talked about. The first one I'm almost embarrassed to men-

tion, it's so cliche. But we've heard talk about the changes in the economy and the changes in society. Among this distinguished body there are no minority groups represented. The number of women in this group who are trustees is seven or eight. The number of presidents from the two associations who are female or who are officially defined as representatives of minority groups is zilch. Now with all this talk about how inspiring we are, with our high values, and how we're going to prepare the leaders for the society, I think this is something the trustees should begin to face in the selection of presidents who in turn have or should have some influence in the selection of faculty.

Now a second point. We've had a lot of talk during this session about quality and standards, and my intuition tells me that that talk mainly represents a longing for consensus about values. I don't know how it is with others, but I prefer faculty whose own value-schedules are shatter-proof. I don't know about your campus, but over 40% of the kids enrolled at Antioch College last year came from broken homes. I don't know how many of your colleges are church-oriented, or religious-oriented. Mine is. I don't know how influential those nineteenth-century values remain on your campus, whatever your sect or denomination be. But I'm wary of all this talk about quality, because it seems to me that it may be reinforcing my first point, namely a conception of the market. Which leads me to my third point, which is — Mike, you really should be telling us more about the relationship of the ferment in pre-college education and its impact on the roles inevitably assumed, upon what we think we're doing at the collegiate level. And more and more of what is happening in the secondary schools from which Antioch recruits prescribe aspects of what liberal education should be. Over two-thirds of the high schools from which we are recruiting students now are turning out kids who are already facile with the computer — in their work! When they arrive at Antioch, they expect us to have the equipment there or they think there's something wrong with us. And I'm not just talking about students in math and the sciences, I'm talking about the social sciences too. It sees to me that we're going to face, in the pretentiousness of what we have thought a liberal education is, the increasing problems from the programs in secondary and elementary education and their impact on our design potential.

There's one last point which I can only speculate about, but we represent colleges in which the current faculty tenure ratio is somewhere between 66 and 80%. At Antioch it's close to 80%. The mean age of my faculty now is between 55 and 58. That points down the road somewhere between 1995 and the year 2000, about ten or fifteen years down the road, to a massive and rather sudden turnover of teaching personnel in American higher education. My colleagues in the public sector tell me that they're there too — that as a result of boom and expansion of the sixties and early seventies and the retrenchment during the last decade, we're going to face a tremendous turnover in our employees down the road about a decade. And I think that's a profound opportunity.

Mr. O'Keefe: Bill, thanks very much. Let me just react briefly to the one point about the secondary schools. I was smiling a little bit, because if there's anything a secondary educator thinks, it is that a lot of the problems of the secondary school derive from the colleges, their admissions requirements and the curriculum that they design. Now, in secondary education, I think that there's a ferment going on that's going to have an impact. I also suspect that one of these days public attention will turn from secondary to postsecondary education, and people will start asking the kinds of questions that I was suggesting you people ask, the quality questions and the cost questions and what are we getting for our money and are we getting what we are being promised. It's no longer possible to hoodwink the vast majority of the American public and say, Oh, everything's just wonderful inside these places. Because they've been in them. They've sat through those teachers who are teaching from thirty-year-old notes. So that's my other observation, that I think one of the big impacts is going to be that the eye of attention will turn and shift toward postsecondary one of these days, at a time we will least want to have it on us, which is when we're struggling with our problems, our economic problems and our value problems. So just get ready, that's all.

One P.M. Saturday, June 23: Panel Discussion

Introductory remarks by Robert H. Edwards, president of Carleton College, and current chairperson of the Associated Colleges of the Midwest:

In the course of this morning we had a vigorous discussion, and now we have three speakers who have listened to one another and a group that has had an opportunity to digest what they have heard. My impression is that we heard a bit more from college presidents than from trustees so far, and I think it would be valuable for all of us presidents to hear the observations of our trustess.

A couple of comments: First of all, I think our speakers have been invaluable. Mr. Moor's setting of the new environment for us; our second speaker, Mr. Edgerton, talking about what we do and need to do; Mr. O'Keefe getting on to how we do it. I think we all found it desirable to hear Roy Moor's description of the environment either as validation or to help correct our present courses. The managerial picture, as he said, is tough. It is a difficult environment, and imposes requirements that we think better, think harder, about all the matters we've been discussing. Looking back over the last few years, I imagine that we presidents could all say that we have changed with this environment, that there has been on each of our campuses a curricular response, that we are thinking far more sharply about the nature and kind of students that we want, what we can do for them, the nature of what they've experienced in secondary education. We have had to become masters of pricing, and to understand the rudiments of marketing. Some of us may have grown stronger, some weaker, but there's no question in my mind that we are tougher. We have the advantages of being institutions of a certain size, of being in command of our destinies, of not being beholden to a state legislature. It seems to me we have taken possession of those attributes of our character and our nature — which is independence.

If I could say anything of my seven years in the midst of expanding of computer centers, worrying about technology, and so forth, I would see us perhaps more than ever as the trustees of what we used to call civilization. I think that if there is a danger, it is that we may price institutional survival so high that we achieve survival at the price of education. The American Can Company may become a financial services organization without great damage, but if we become a cafeteria of services that help young people achieve certain sorts of skills, something goes out of our society. We in America — and this is Bill Birenbaum's point — are now a society of diversity that we are only beginning to understand. Nearly a quarter of us are non-white. Thinking about that is no mere matter of justice or equity. That part of our population is going to be very active in our future. How can we as institutions say what it means to be an American in the twentieth century? Is there a common culture? It seems to me that in a time when we celebrate our diversity while noting the need for skills and for meeting what the market requires, that if we cease groping for a sense of what American society is, of what it is like to be an American in this world at the moment, if we lose track of those unities, we have really lost something.

Like it or not, I was told by a lawyer, a member of our board in New York, that one of his sons had graduated in political science at Carleton College and had never read Thomas Jefferson. He wondered what I thought about that. Again, I recently met a young political science major and in our conversation I used the term, "the estates general," to illustrate a point about governance. He had never heard of the estates general. Thus it seems we've lost some of our points of reference.

How do you determine legitimacy in American society? Those are things that are not computer science or business courses, but those are the issues that perhaps between faculty and students we have to keep track of today. And we must have Hispanics and Asians, and blacks, and native Americans, all the Americans of the twentieth century, to form that discourse. I think Bill has hit it right on the head. I think that's what we're all about.

That's the only comment I would give on the strength of seven years on the plains of Minnesota and on the strength of the reflections that we've all been vouchsafed here by these speakers. Now as

I pass the microphone first to Ray Moor, and then to Russ Edgerton, and then to Mike O'Keefe, and then open up a little discussion, I think it would be enormously valuable if we could have comments on the issues of minority realities, that notion which ties in so closely with what we mean by standards, what we mean by values, what we mean by a culture in this day when each of us is going to be seeking his own salvation as an institution within this broad set of goals.

Roy Moor: As I have sat here through the course of the day, I have been thinking in a broader context than the strictly business orientation which I brought to my own comments. And since I talked some, as did Mr. Johnson and the other two speakers, about strategic planning and mission, a couple of thoughts have occurred to me which may not be wholly welcome, but I have the deepest respect for your colleges and I hope you will remember that while listening to my comments.

We have heard throughout the day an emphasis on quality. Quality of education has been one of the characteristics of your institutions. I accept that, but in accepting it I wonder if you haven't sold yourselves a bill of goods. I suspect that not one institution represented here actually provides the quality of education that it thinks it does. And I suspect that every one of you has been sold on your own market, and I suspect that in terms of setting your mission objectives and in terms of preparing your own strategy, you might very well begin by questioning seriously how high the quality is of the education you are providing, because I suspect that in every institution represented here, despite your reputation for high-quality education, the quality that you are providing could be substantially enhanced. Indeed, several of you indicated to me after I finished my prepared remarks that that may be your most aggressive way to cope with the environment of the next ten years.

To begin by asking how you can substantially enhance the quality of the education you are providing: As I see the environment, much more broadly than just the economics of the environment, my suspicion is that your marketing campaign comes down to something like this: an advertisement that says, "Parents, do you want your children to learn how to think?" Perhaps we have not sufficiently addressed the question, how can you substantially enhance the challenge that your faculty gives to your students, to learn how to think.

Now that's a common perception of what is needed out there in that environment — not technical skills. My judgment on technical skills is very simple: students shouldn't learn any technical skills until they get out into the business world, because that's the best place to learn them, not in college. But what is needed is the ability to analyze, the ability to think, and the ability to pursue original thoughts I've heard some of that expressed here today, but what you have to do in all cases is to translate that into the classroom, and I suspect that while you're probably doing a better job than most colleges, you're still doing what I'd have to call an absolutely lousy job.

Russell Edgerton: Dr. Edwards brought up the question of the unity in Western civilization. It's a neat question. I mentioned in my remarks this morning that "Where's the beef?" is the kind of allusion that people use instead of the sort of historical allusion that is part of the common culture. I go out each summer to a little fishing camp and meet my parents and my sister's kids and we bring three generations of the family together and we find that the only thing we can all get together around is television programs, because none of us apparently read the same books any more. That's a very disturbing thing, and I share your concern. But I also share a deep concern about something you might call a sense of efficacy. When I used to teach at the University of Wisconsin, I'd have metropolitan New York and New Jersey kids sitting next to corn-fed kids from northern Wisconsin and North and South Dakota in the same political science class, and the East Coast kids would analyze a problem, they'd talk it to death, but when you got around to the question of whether you could do anything about it, they didn't believe they could do anything, while the northern Wisconsin and Dakota kids, well, they'd say let's throw the rascals out, that's an awful situation, let's take it on! And I have a

sense that the whole society is moving toward the New York City model, that people are feeling overwhelmed by the complexity of affairs and they don't feel they can do anything about anything. And so I come at some of the issues, the citizenship issues, also from a sense that what we need to do is to figure out ways to get people to participate, and share problems, and that's the way to get them into the learning process.

So it's really a matter of, do you take your point of departure in a conception of a certain category of knowledge, or do you take it from the conception of the need to develop a learning community, and get people into these things, and then maybe they'll turn to those. David Riesman made the comment once that starting people off with the study of Greece and Rome or other historically remote cultures which were disconnected from their personal experience made a lot less sense than starting people off with some kind of subject which was closer to home and which they could immediately relate to, and then lead them back there into the kind of knowledge you want them to have. If you care about both, where do you start?

I would hope we'd end up with both the common culture and the kind of abilities that I was addressing, but I guess if I had to choose, I'd go where I came out, rather than starting with the common culture.

Michael O'Keefe: This issue of quality — let me mention a direction you can't go to save yourselves on that issue. You suffer a liability in talking about the quality of education in your colleges because of your very selectivity. Let me translate that. If the kids coming in are bright and motivated and driven by parents who are paying a substantial price to go to the college, they're going to learn in spite of you. And they're going to learn in spite of the obstacles placed in their way. And so when they go off to top-notch graduate schools or professional schools or high-class jobs and do a marvelous job of succeeding in life, you have to ask yourself, is it because of them, or is it because of us? Is it the value we added in our role as educators, for four years of their lives, or is it the fact that we selected them as kids we knew were going to succeed, generally didn't stand in their way, and gave them a diploma and sent them along? Now, if you ask the question that way, you can become a lot less complacent about what you do, and you've got to face the issue of what are you really adding for these young people? Is the luster their own luster rather than what you do as educators?

That, I think, is something you need to examine and think about, because it is the larger quality question in American education. We're not all dealing with students who are highly selected, who are highly qualified. Many institutions, and certainly the high schools, are increasingly dealing with young people who are less well qualified, and the question of judging the success of our educational system turns on the question of what has been added.

On the question of secondary schools: I avoided that earlier because I can get dug into that topic so deep if I start talking about it, but one of the most serious problems the secondary schools are creating is the level of remediation that colleges have had to get into in recent years. It seems to me that links back into the minority issue, in that those minority populations on the average are doing less well in the high schools, and are doing less well at every stage of the educational system, and if that is the increasing population within the youth cohort, then the question becomes a very serious one for higher education. What level of remediation do you accept, what does that do to your standards, and finally, what does it do to your costs? It seems to me it can be very costly to remediate at the postsecondary level, and yet at the same time you can't ignore the needs of those young people, and increasingly the marketplace won't let you ignore the needs of those young people, because you'll need them to fill your classrooms.

So it seems to me that that's another problem I would point to as serious. There are others, Bill, that you mentioned, what the kids are coming in with now, the attitudes they have, the expectations they have, and colleges will have to deal with all of that. My view on that is that the colleges ought

to be working fairly closely with the secondary schools, to help avoid the need for remediation, but also to make certain that that transition and that flow between secondary and postsecondary is smoother, and perhaps to avoid studying the American Revolution three times and World War II never.

Question addressed to Roy Moor: This morning I thought I heard you say, on the subject of colleges setting their price of tuition, that they should set it according to the marketplace rather than according to their costs. I was surprised to hear an economist say that, and I wonder if that isn't letting the tail — the marketplace — wag the dog? It seems to me that if you let that happen, you reduce the possibility of institutions charging a high enough price to take care of their maintenance needs. Schools which honestly strive for top quality might have to charge not what the marketplace is charging, but more, so that they can maintain quality over the long run.

Mr. Moor: To take the last part of your comment first, pricing, as many of you mentioned to me after my initial remarks, is very closely related to quality. I did not mean to imply that the prices that are set should be the same for, let's say, all the institutions in this room, or that you should simply look at your competition without recognizing the distinctive characteristics of the education that your institution is offering. To confirm something that you were implying, I think it is more true today than in the past that you can justify a price differential on the grounds of quality. But note that's still a market-driven price. It has nothing to do with cost. In effect, it's the market's perception of the quality that you are offering which justifies the price.

You said that you were surprised to hear an economist speak that way. I really don't know why, because in any market environment — in essentially any market environment — prices are determined in the marketplace, they're not determined on the basis of cost, I stated it that way because starting from the strategic point of the missions statement, figuring out who you are and who you want to be, and having established the characteristics of the product that you are selling, you have to ask the question, how can I price that? And only then do you come to what I described as the toughest managerial challenge for your institutions, which is how to so manage the institution as to keep the costs down relative to that price. And as I tried to say in my concluding remarks, that does not necessarily imply a deterioration in quality.

Indeed, I could argue, and while we can't prove this here, I'll bet you that in every single institution represented in this room, you could reduce absolute costs at the same time that you raise absolute quality. And the first condition that you have to meet in order to engage in that exercise is to break the previous mind-set that there is a dollar-per-dollar relationship, and go for efficiency. Efficiency presumably implies increased quality. And that's managerial talent.

Mr. Edwards: As a manager, if I could cavil at one point Roy made: I think you mentioned that during the 1970s we held faculty salary increases to approximately the rate of inflation.

Mr. Moor: That's correct.

Mr. Edwards: But since 1980-81, the increases have been something on the order of two and a half times that rate.

Mr. Moor: Right.

Mr. Edwards: On the face of it, that's uneconomic action, particularly since it's still a buyer's market for most faculty, although distinctly not in certain areas such as mathematics and most of the natural sciences. I think a cautionary statement to board members might be on the danger of treating

faculty as mere employees. We require an almost limitless devotion to the task — sixty-hour weeks are common, including the advising, counseling and so forth. You can get, as many of us experienced in the early eighties, a prevailing sense of bitterness when faculty members see their new graduates going into the world and two years after graduation making something equivalent to the salary of an associate professor who has been tenured five or six years. I think that one of the most significant things that we convey to the new generation is a sense of optimism, the notion that you can get out there and make something happen. But if the faculty themselves feel that essentially the system is unfair, it can corrode an atmosphere in a small college very dangerously, and that has a very fundamental impact on what we would call quality, I think.

Mr. Moor: There's only a modicum of literature on this, on how we judge fairness in relative incomes. From the beginning of this country we have continually reiterated that it is the marketplace that determines relative fairness in income distribution. So in effect I would say to you by way of rebuttal, if you've got professors who think they are being paid unfairly and are conveying that to students, they're being overpaid.

Mr. Edwards: This is why so few economists are the presidents of colleges!

Question: My question is directed to all three of our panelists. It relates to what they've said, and to this whole question of strategic planning, and particularly to the role of the board and the presidents. I want to make a series of quick assumptions:

First, strategic planning is vital.

Second, leadership almost inevitably must come from the president and the administration.

Third, the academic program is a vital part of the plan, but the president finds it difficult to direct fundamental changes in the basic direction of the program. That can be accomplished sometimes when a college is in crisis, but in most of our institutions what we are more likely to get is a decline in enrollment but no point of crisis. Therefore if we leave it up to the faculty to bring about a basic change, as Russ Edgerton has implied, I think it will be extremely difficult and I suspect it will not come about. This brings up the final point.

Do we need to address, in a way that we have not done in decades, presidential leadership backed by trustees who will do more than merely ask questions about the academic program? The president may say, for example, "This college needs to adopt a new program," and the board in turn say, "We are fully backing the president in requiring this fundamental change; we now ask the faculty how this might be implemented." So I wonder, are we in an era where if we are going to bring about change, are we going to have to rethink this concept about the role of the president in reference to the academic program and more specifically the role of the trustee?

Mr. Moor: I would begin by going back to a comment that was made in response to a question by Mr. Johnson last night. He used, as I would, the corporate model. Now at First Chicago, we've recently had a major change in management, with a whole new management team coming in. As a result, we have thought through the process of change, and I will give you the benefit of some of our thinking.

First, in the construction of a strategic plan, I would say that the board of trustees, just as the board of directors, should not be involved.

Second, it should be a team effort between the president as chief executive officer and selected members of the faculty, so that it becomes a joint product of a group or a team. The product is then in the first instance sold to the entire faculty. If there is a majority in favor but some dissidents, and we certainly have mavericks in the business community as well as you do in college, they can get out. They can drop off the ship. You end up with a consolidated effort to pursue the objective that has

been set. The strategic plan and the mission statement are then presented to the board: Here is what this institution is all about and here's where we're going. The role of the board then becomes, in my judgment, and on the basis of the corporate model, to assess how effectively the president and the faculty are pursuing those objectives and shooting for those goals.

Mr. Edgerton: The Carnegie Corporation, as some of you may know, has been thinking about some very long-term investment decisions. In that effort a fellow named Mark Tucker has wandered around the country the last two months asking fifty or sixty people the question, Are we really in a new era? Is there something different? And he has found what he interpreted to me as a sort of generational difference in the response, that over some age the pattern was, No, not really, and under a certain age the pattern was, Yes, I really think that we're in a new world, and all the premises have changed, and in all our social institutions we've got to ask some new questions.

Now, I'm not sure which generation is right, but I think for my money it's useful to take the second view as a hypothesis — that we really are in a new era. That leads to my interest in our asking ourselves some serious questions.

Trustees don't have to be heavy-handed in asking these questions, but they have to be serious, and the answers they get should lead to making our institutions more exciting, to re-engage the community in the educational process, and if we don't do that, in another twenty-five years other people are going to be doing our business.

Mr. O'Keefe: That's a question, I guess, for individual trustees and presidents to decide, what kind of a role can the trustees play in trying to implement some change within the institution on behalf of the president.

On Roy's comment, my perception would be that many institutions of higher education are at the stage you ended your remarks at, which is, a mission has been established, and in fact it's been hallowed in that catalogue for centuries. But the behavior of the quote, employees, unquote, of the institution is out of synch with the mission in some substantial and traumatic ways. The problem and the challenge become one not only of thinking through how we get into synch with what the times require and what young people require, but also how on earth we bring about changes in an enterprise which is very decentralized and whose employees don't behave like employees in a corporation. One in fact where the decision-making power and the intellectual focus is regarded as somewhere very far south of the board of trustees. That's the problem. So it's a problem of, after you diagnose that there is an inconsistency, then what do you do? And then what is the role of the trustees in helping make changes happen and in helping with those sometimes very serious and very bloody internal dynamics?

Mr. Moor: If I may comment on that, I would agree with Michael's description of the current situation. As I have sat here and listened to these presentations, I have been somewhat surprised, shocked, and disappointed, to gather that you folks in this room are relatively, if I may use the term, intimidated by your faculties. And I suggest that your faculties aren't worth being intimidated by. They are your employees, and in terms of standards you should have them toe the mark. You should be requiring the highest educational presentation by them, and I suggest to you that the greatest difficulty you may be encountering is the fact that just as Michael said, you have in effect given too much of the power that belongs in the administration to those who are the employees, and who presumably are producing — and I really question whether they are — up to the standards that you would like.

My suggestion with respect to this is to establish a new mission statement which is meaningful in today's world for your institution, as a team effort, with some of your faculty members and with the administration. Let everybody get together and think about what the Sam Hill is going on. Further, the corporate model that I was talking about earlier involves one other thing, and that is presen-

tations by department heads within the corporation to the board of trustees. They are indeed accountable to the board of trustees in the last analysis. Why not do as we do in the bank and as most corporations do that I know of? Present an accounting directly, tell what we are doing in this department to provide the best quality product.

Mr. Edwards: I would note that whereas Roy Moor says the faculty members are employees, the Supreme Court says that they are also managers.

Richard Warch, president of Lawrence University: I think we ought to call that assumption about faculty into question. I do not think that our faculty need to be called on the carpet. Some of what has been said suggests that we are all frustrated by a group of recalcitrant intellectuals whom we basically don't trust, don't believe have aspirations for our college. I don't buy any of those arguments. And I would doubt that many college presidents here do. I would simply say, not in some Pollyanna sense, that the faculty are all sorts of things, maybe, but that they are **not** shirking their jobs in terms of standards.

Mr. Moor: Let me say I agree and I'm glad you said that. I believe there needs to be construction of a team effort between people in this room, particularly the presidents, and the faculty, to jointly come up with a product that all can be proud of.

Mr. Edwards: Jon Fuller, do you have any summary remarks?

Jon Fuller, president of the Great Lakes Colleges Association: I'd just like to note that the existence of the Associated Colleges of the Midwest and the Great Lakes Colleges Association facilitated this meeting by providing the organizational resources for planning. The existence of these two associations, the membership of these colleges in them, the unique heritage of cooperation among them and the potential for further cooperation, form a tremendously important resource as we try to deal individually with the issues we've been talking about. Because we are able to communicate with each other on both a formal and an informal basis, we have a vastly increased store of information about what other people are doing, about what the range of possible solutions to these problems really is. We also have some mechanisms for helping small institutions and the individuals who work in small institutions to overcome some of the disadvantages of that smallness, which often can involve a sense of loneliness and a sense of the limitation in the range of their own thinking.

We all have this large set of colleagues to learn from, and to gain emotional support from in some very trying days. Finally, I think the consortia provide us with a way of doing certain things together which can be more efficiently done jointly, and sometimes can only be done jointly, and which are important to our educational mission. I hope that the trustees have gained from this experience some of the sense of what their institutions' membership in the two consortia can mean. Perhaps in the future the two associations will be of greater service in helping trustees carry out their responsibilities, as I think they have been of service to presidents, other administrators, and faculty members over the last several years.

APPENDIX A

The Great Lakes Colleges Association

ALBION The college's strong liberal arts program is supplemented by the unique resources of the Professional Management Program and the Gerald R. Ford Institute for Public Service. Set in the midst of the small town of Albion, the college's 90-acre main campus is enhanced by the lovely Whitehouse Nature Center, a 125-acre preserve along the Kalamazoo River. The Center for the Study of Ethics, housed in the century-old observatory, was established this year. The college's exceptional physical facilities include Gerstacker International House and Olin Hall, one of the finest undergraduate facilities in the country for teaching biology and psychology. Founded in 1835, the college is celebrating its Sesquicentennial this year. Related to the United Methodist Church. Enrollment: 1, 654.*

ANTIOCH From its mid-19th century founding by reformer Horace Mann, who was its first president, the college has been a leader in innovation in American higher education. Antioch has a strong commitment to the democratic ideals first espoused by President Mann and its mission emphasizes the need for social justice and equality. Since 1920, all Antioch students have participated in cooperative education in which they alternate study on campus with jobs off campus. The college is the center of Antioch University, a unique national institution which serves a nontraditional undergraduate adult population and students enrolled in professional graduate programs in law, psychology, education, and human services. Founded in 1852. Enrollment: 480.

DENISON The village of Granville retains a New England flavor brought by its founders in the early 19th century, while the 250 acres of Denison's main campus provide a setting of unusual beauty. Close interaction between faculty members and students characterize Denison University's commitment to individual development for each student within the liberal arts tradition. Denison has been nationally recognized for its excellence in academic computing, and the curriculum includes unusually strong programs in Women's Studies and in Black Studies. A January Term between the two semesters, provides special opportunities for internships and for intense study of special topics. Founded in 1831. Enrollment: 2,087.

DEPAUW New facilities for the performing arts, physical education, recreation and the physical sciences undergird a strong liberal arts program and professional schools of nursing and music. More than 40 states are represented at DePauw, where competency programs in writing, oral expression and quantitative reasoning have been introduced. A nationally recognized Winter Term in Mission provides service/cultural experiences in Central and South America. One out of two students studies off-campus before graduation. There are extensive internships offered through the new Center for Management and Entrepreneurship and intensive alumni involvement in career planning and placement. Founded in 1837 by Methodists. Enrollment: 2,331.

EARLHAM Earlham's distinctive character grows in large part out of its origins as a Quaker college. Values of equality, simplicity, and community continue to be central to the college's educational philosophy. The college has a distinctive international flavor, with over 60% of Earlham students spending some part of their undergraduate years in a Study-Abroad Program. Earlham's Japanese Studies Program is internationally recognized. The library is nationally recognized for its central role in the college's educational program. Founded in 1847. Affiliated with the Religious Society of Friends. Enrollment: 1,021.

HOPE The religious heritage of the Dutch settlers who founded Hope along the eastern shore of Lake Michigan is still evident in the college's identification as a dynamic Christian community. A diverse student body, coming from 41 states and 37 foreign nations, pursues pre-professional education leading to bachelors degrees in Arts, Music, Nursing, and Science. The college's fine academic facilities provide a setting for the study of 36 major fields in a liberal arts setting. A health awareness program is a unique dimension to the college's curriculum. The college has an excellent intercollegiate athletic program for men and women. Founded in 1866. Affiliated with the Reformed Church in America. Enrollment: 2,550.

KALAMAZOO The unique Kalamazoo Plan for liberal arts study relies on the college's year-round, four-quarter calendar to give all students opportunities for foreign study, a career development internship, and a senior individualized project. The foreign study program is exceptional among all American colleges and universities, with students from all majors studying in Europe, Africa, Asia, and South America. The campus is located in an attractive residential area only a few minutes from the thriving downtown business district. The city of Kalamazoo is the fifth largest metropolitan center (200,000 population) in Michigan, and provides a wide variety of cultural, social, and recreational opportunities. Founded in 1883. Enrollment: 1,130.

KENYON Ohio's oldest college, Kenyon draws on a rich heritage of quality education. A world-renowned literary magazine, **The Kenyon Review**, is still published at the college, and the Kenyon Festival Theatre is the summer setting for professional dramatic productions. The 600-acre campus offers a setting of unusual beauty and charm for an education which includes strong emphasis on a traditional program of the liberal arts. The intimate setting of the village of Gambier promotes regular conversations among faculty and students which are a special feature of Kenyon's education. Founded in 1824. Enrollment: 1,398.

OBERLIN Recognized as one of the nation's preeminent institutions of higher learning, Oberlin is noted for the high academic caliber of its students (drawn from every state in the Union), the strength of its faculty of teacher-scholars, the excellence of its facilities, and the achievements of its alumni. A private, nonsectarian, primarily undergraduate school, Oberlin comprises two divisions: the College of Arts and Sciences, with 2,215 students, and the Conservatory of Music, with 491. Located in the town of Oberlin, near Cleveland, it was the first college to open its doors to women and minorities. Since 1920, more Ph.D. recipients have earned their undergraduate degrees at Oberlin than at any other comparable school in the nation by a ratio of nearly two to one. Founded in 1833. Enrollment: 2,706.

OHIO WESLEYAN An unusual synthesis of liberal arts and pre-professional preparation has set Ohio Wesleyan apart as one of America's five independent, four-year colleges to rank among the top 20 in producing both future Ph.D.'s and U.S. business leaders. Students from 40 states and 30 countries pursue Bachelor of Arts degrees and three professional bachelor's degrees: fine arts, music, and nursing. Ohio Wesleyan is strongly committed to developing in students the service ethic; to curricular fusion of theory and practice, as in the Institute for Practical Politics; and to confronting directly specific issues of long-range public importance, as in the annual, year-long National Colloquium. Founded in 1842. Related to the United Methodist Church. Enrollment: 1,548.

WABASH As one of the very few remaining men's colleges, Wabash offers a strong liberal arts program in a distinctive environment. Wabash is proud of the achievements of its graduates and of the college's record as an unusually productive source of scholars, lawyers, physicians, and business executives. The small and well-maintained campus is located in Crawfordsville, Indiana, 45 miles north of Indianapolis. The college puts special emphasis on the recruitment of students of all races and economic backgrounds, with an unusually large institutional commitment of grants and scholarships. Founded in 1832. Enrollment: 774.

WOOSTER The College of Wooster is one of three liberal arts colleges in the nation to require an independent study project of every senior, completed in a tutorial relationship with a member of the faculty. The program requires a strong faculty commitment to teaching and scholarship, in turn encouraged by an unusually generous faculty leave program. Wooster has attracted international students since the late 19th century; currently, approximately 10% of its student body is drawn from more than 45 different countries. Degrees offered: B.A., B. Mus., B. Mus. Ed. Founded in 1866. Related to the Presbyterian Church. Enrollment: 1,664.

*Enrollments listed in these descriptions are for the 1983-84 academic year.

APPENDIX B

The Associated Colleges of the Midwest

BELOIT Known during the 1960s and '70s for the "Beloit Plan" of year-round education, Beloit continues to develop innovative programs of individualized and interdisciplinary instruction. Recent programs include the overseas World Outlook Program, a summer language institute, and new academic and career counseling programs. Campus improvements include renovated residence halls, new music facilities, creation of a campus center in historic Pearson Hall, and plans for a new physical education building. Founded in 1846. Enrollment: 1,064 (559 men, 505 women).*

CARLETON Carleton's internationally recognized faculty attracts to the College men and women from all 50 states and 20 foreign countries who thrive on challenge and are involved in many activities. Each year more National Merit scholars choose to attend Carleton than any other undergraduate college. The College has a campus of 950 wooded acres with a physical plant whose replacement value is over $90 million. Last year the Carleton library was expanded and remodelled, nearly doubling the facility's size. Founded in 1866. Enrollment: 1,861 (914 men, 947 women).

COE Coe's Open Choice curriculum provides a more flexible approach to liberal arts education. Two core courses are the only general requirements; the students choose the rest, with the help of experienced faculty advisors, designing an education for each student's individual abilities, needs and goals. More than 10% of Coe's students are from foreign countries, with a total of 41 countries represented. Founded in 1851. Affiliated with the United Presbyterian Church. Enrollment: 1,371 (663 men, 708 women).

COLORADO Colorado College's Block Plan, now in its second decade, has been called one of the boldest innovations in the recent history of liberal arts colleges. The academic year is divided into nine 3½ week segments or "blocks" during which a student takes and completes only one course. The Plan allows for flexibility in course scheduling and greater opportunity for class trips and field work. Founded in 1874. Enrollment: 1,867 (937 men, 930 women).

CORNELL Cornell is the only college in the nation to have its entire campus listed on the National Register of Historic Places. Old and new blend harmoniously on its 110 wooded hilltop acres to create a fertile environment for the cultivation of learning. Students take One-Course-At-A-Time (the distinctive curriculum's name), freed from the tug-of-war of competing courses. Founded in 1853. Affiliated with the United Methodist Church. Enrollment: 962 (516 men, 446 women).

GRINNELL Grinnell's pre-professional programs in law, medicine, and engineering; computing facilities for students in all majors; and study abroad opportunities are just a part of Grinnell's distinctive education. Innovations include the Freshman Tutorial program, begun in 1971, and the recent establishment of courses throughout the curriculum that will help develop skills in quantitative analysis and oral communication. Founded in 1846. Enrollment: 1,131 (569 men, 562 women).

KNOX Knox was first among Illinois colleges to have a Phi Beta Kappa chapter. The College continues its tradition of excellence, helping students achieve intellectual and emotional maturity as well as master an academic discipline. The Freshman Preceptorial, a two-term sequence, provides students with an initial immersion in the liberal arts and sciences and confronts them with important conceptual and intellectual questions they will explore during their years at Knox. Founded in 1837. Enrollment: 898 (480 men, 418 women).

LAKE FOREST Located in a suburban setting 30 miles north of Chicago, Lake Forest offers a personalized education firmly grounded in the liberal arts and sciences. The College's proximity to Chicago encourages participation in a well-developed internship program which provides students with opportunities to test or prepare for careers. Founded in 1857. Affiliated with the Presbyterian Church, U.S.A. Enrollment: 1,166 (559 men, 607 women).

LAWRENCE Lawrence University is a unique combination of a distinctive liberal arts and sciences college and a conservatory of music. Lawrence's highly respected faculty is committed to scholarship and good teaching. The required interdisciplinary Freshman Studies course, followed by a Freshman Seminar drawn from one or more disciplines, provides the foundation for students' subsequent work. Founded in 1847. Enrollment: 1,066 (524 men, 542 women).

MACALESTER Macalester offers 37 majors, a student body drawn from 49 states and 62 foreign countries, and a Minneapolis/St. Paul location with unique cultural and internship opportunities. Scholarship, community service and world awareness are strong traditions at Macalester. More than half of the students study in a foreign country during their years at the College. Founded in 1874. Affiliated with the Presbyterian Church (U.S.A.). Enrollment: 1,682 (848 men, 834 women).

MONMOUTH At Monmouth, education is an individual experience, built about a structured program of general education and both departmental and individually designed major programs. Internships, off-campus programs, and a broad choice of social and cultural activities add important opportunities for personal development. Founded in 1853. Affiliated with the Presbyterian Church (U.S.A.). Enrollment: 692 (375 men, 317 women).

RIPON Ripon students experience a quality education in an atmosphere that encourages student development both in and out of the classroom. Located in a small Wisconsin city in a resort area, the college offers a traditional liberal arts and sciences curriculum and a wide variety of extracurricular activities. Founded in 1851. Affiliated with the United Church of Christ. Enrollment: 883 (511 men, 372 women).

ST. OLAF One of the first colleges to offer the 4-1-4 calendar (1964), St. Olaf has always been on the leading edge of innovative education. In the Paracollege (1969), an alternative route to the B.A. degree, students work individually with faculty and develop their own strategies for learning. The Great Conversation (1981), is a six-course program of reading and intensive discussion based on the classics, from antiquity to the 19th century. Founded in 1874. Affiliated with the American Lutheran Church. Enrollment: 2,939 (1,332 men, 1,607 women).

* Enrollments listed in these descriptions are for the 1983-84 academic year.